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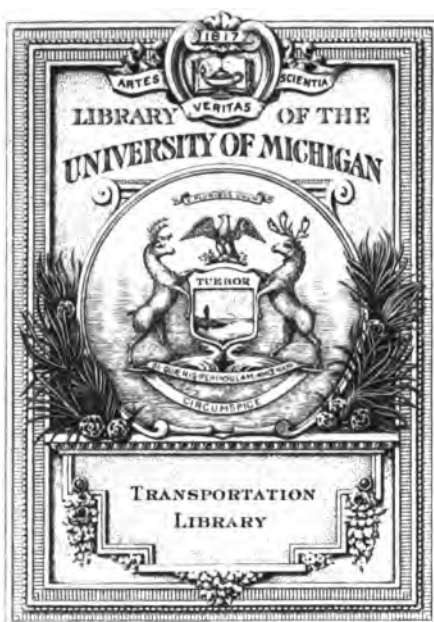
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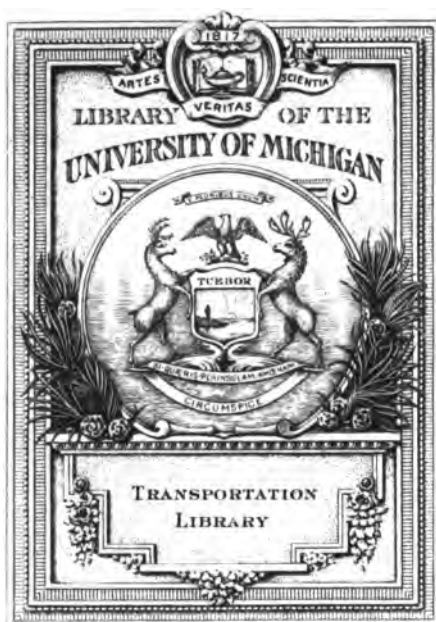
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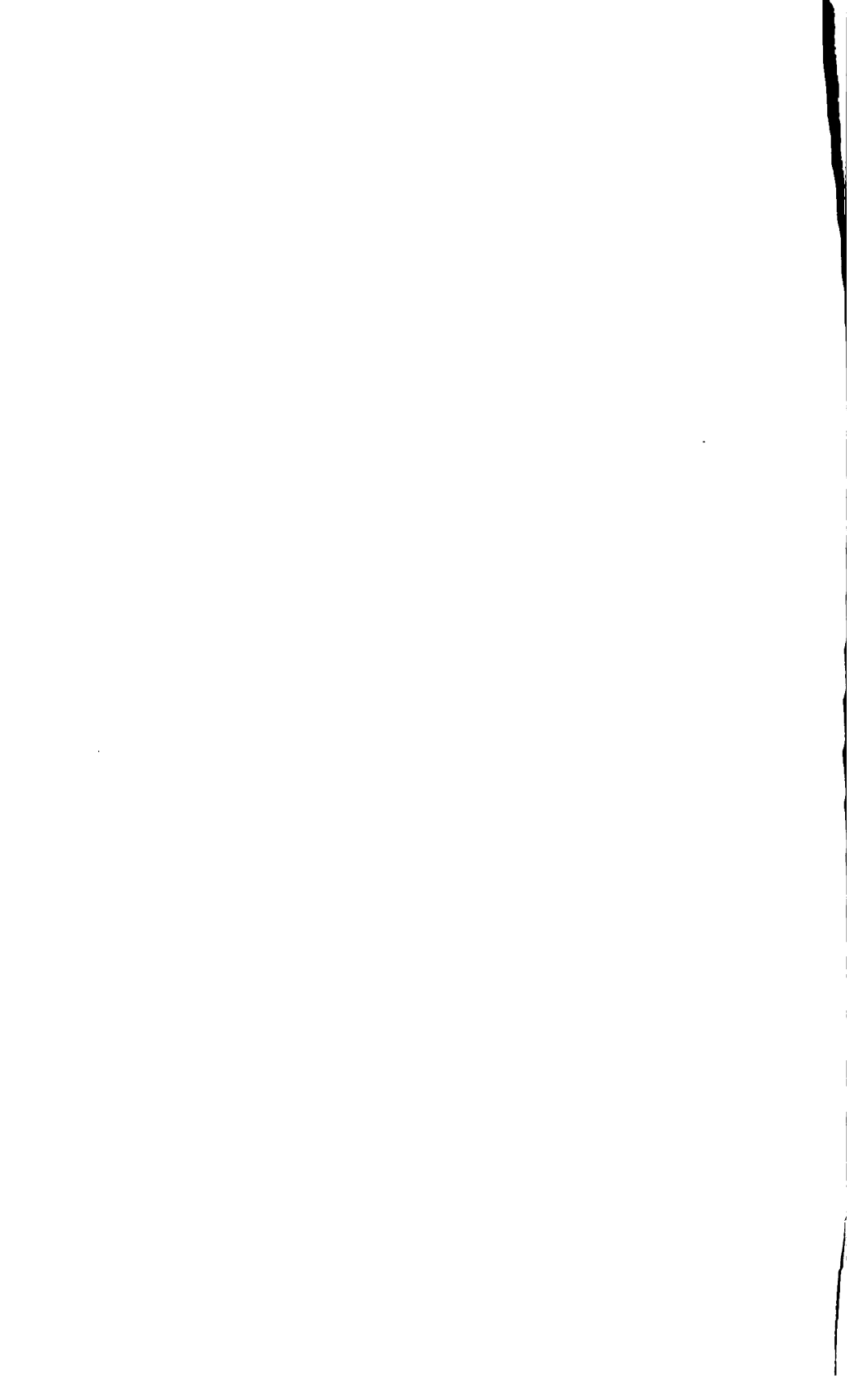
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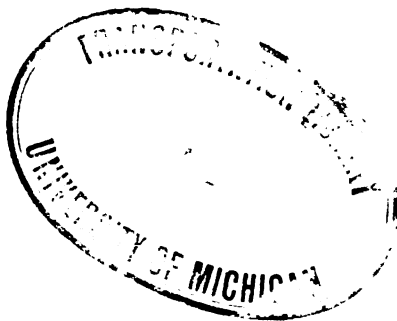
INTERSTATE COMMERCE COMMISSION REPORTS

VOLUME XXXV

DECISIONS OF THE INTERSTATE COMMERCE COMMISSION OF THE UNITED STATES

JUNE, 1915, TO JULY, 1915

REPORTED BY THE COMMISSION



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INTERSTATE COMMERCE COMMISSION.

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EDGAR E. CLARK, OF IOWA.

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WINTHROP M. DANIELS, OF NEW JERSEY.

GEORGE B. MCGINTY, *Secretary*.



INTERSTATE COMMERCE COMMISSION REPORTS.

No. 7323.

ALTON BOX BOARD & PAPER COMPANY

v.

ILLINOIS TERMINAL RAILROAD COMPANY ET AL.

Submitted March 9, 1915. Decided June 30, 1915.

Rates charged for the transportation of straw from points on the Missouri, Kansas & Texas Railway to Alton, Ill., not found unreasonable or unjustly discriminatory. Complaint dismissed.

Isaac Born and A. B. Cronk for complainant.

C. S. Burg and R. D. Williams for Missouri, Kansas & Texas Railway Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in the manufacture and sale of strawboard, with its place of business at Federal, Ill., within the switching limits of Alton, Ill. By complaint, filed September 25, 1914, it attacks as unreasonable, unjustly discriminatory, and unduly prejudicial the carload rates on straw from points on the Missouri, Kansas & Texas Railway between Black Walnut and North Jefferson, Mo., inclusive, to Alton. Reparation and reasonable rates for the future are asked.

The rates assailed represent increases ranging from three-fourths of a cent from West Alton and Black Walnut to 3 cents from North Jefferson, allowed to take effect in *Straw Rates from Stations in Missouri to Alton, Ill.*, 29 I. C. C., 562. The rate from North Jefferson was increased further from 9½ cents to 10½ cents, on July 12, 1914, subsequent to that report. Reconsideration of our conclusions is asked, however, on the ground that defendants have decreased certain interstate rates from points involved to Peoria, Ill., since the rates assailed were increased, and that our finding in the *Straw Rates case, supra*, "that a large part of the straw shipments originate between West Alton and St. Charles, Mo., near-by points, from which the increase is from three-fourths to 1 cent" was erroneous.

The rates alleged to have been reduced were 8 cents from Black Walnut to Peoria, 181.8 miles; 8 cents from Marais Croche to Peoria, 183.8 miles; 8½ cents from St. Charles to Peoria, 190.8 miles; effective April, 1910, nearly three years before the rates assailed took effect. These rates have not been reduced but canceled. Defendants assert that apparently there was no movement under them. To prove the error alleged in our report in the *Straw Rates case* cited, complainant states that during 1913, 40 per cent of the straw moved over defendants' line to Alton moved from St. Charles and that the rate from St. Charles was increased 2½ cents, from 5 cents to 7½ cents. The contention is without merit. Our decision was not based exclusively on the passage quoted from our report but upon all of the facts disclosed. The evidence in this record is largely cumulative and discloses nothing to affect our former conclusion. The increase since effected in the rate from North Jefferson is not attacked specifically, and no shipments are shown to have moved under it. A tariff filed by defendants proposing to increase this and the other rates assailed is under suspension and consideration in Investigation and Suspension Docket No. 555.

Upon the facts disclosed we can not find the rates assailed either unreasonable or unjustly discriminatory, and the complaint will be dismissed.

25 I. C. C.

No. 4198.

IN THE MATTER OF EXPRESS RATES, PRACTICES,
ACCOUNTS, AND REVENUES.

Submitted June 9, 1915. Decided July 14, 1915.

Upon petition for a modification of our order in this case, *Held*, That the present revenues of the express companies are inadequate. Order modified to provide for additional revenues.

C. W. Stockton for Wells Fargo & Company.

T. B. Harrison for Adams Express Company and American Express Company.

G. L. Shearer for Southern Express Company.

W. H. Chandler for Boston Chamber of Commerce.

N. B. Kelly for Philadelphia Chamber of Commerce.

Herbert Jackson for National Association of Mail Order Liquor Dealers.

J. C. Lincoln for Merchants Association of New York.

J. H. Tench for Florida Railroad Commission.

A. Leftwich Sinclair for Society of American Florists and Horticulturists.

REPORT OF THE COMMISSION ON REHEARING.

CLARK, *Commissioner*:

In our original reports in this case, 24 I. C. C., 380, and 28 I. C. C., 131, which followed a very exhaustive investigation, we prescribed a uniform schedule of rates, classification, rules, and regulations, effective February 1, 1914, for all of the principal express companies doing business on the railroads of the United States. While in some instances the rates prescribed were increases over the old rates, our order, as a whole, effected very substantial reductions in rates.

On March 16, 1915, the Adams Express Company, the American Express Company, the Southern Express Company, and Wells Fargo & Company, hereinafter referred to as petitioners, filed a petition for rehearing and modification of our order, in which it is asserted that they complied in good faith with our order and endeavored to make the new plan a success by developing new and additional business and effecting all possible economies in order to offset the reduction in revenue resulting from the rates prescribed; that by

reason of such efforts and the reduction in rates their express business has substantially increased in volume, but the revenues therefrom have not been sufficient to enable them to continue to furnish a satisfactory and adequate service, and that petitioners as a whole are operating at a net loss. In order that they may secure additional revenues petitioners request that we modify our order so as to permit them to transpose two of the three factors composing the express rate basis; that is, the collection and delivery service allowance of 20 cents per shipment and the rail terminal allowance of 25 cents per 100 pounds. They estimate that such a transposition would afford them approximately 3.86 per cent increase in gross revenue. We shall revert a little later to the effect of this proposed change.

The rehearing has been had, and the questions presented are: Are petitioners entitled to additional revenue? If so, should the proposed plan be approved?

Petitioners transact approximately 95 per cent of the express business and operate over approximately 92 per cent of the railroad mileage of the country. They say that the system of stating rates and the rules and regulations prescribed by us are satisfactory, but assert that, notwithstanding the economies effected, a year's operation under the new rates has demonstrated that they do not provide sufficient revenues.

As a result of the efforts of petitioners and of state commissions to make the system uniform, aided in some instances by modifications of our order, the rates, rules, and regulations prescribed by us have been adopted for intrastate express business in 40 states, and more than 90 per cent of the express business of the country is now being handled thereunder.

Petitioners introduced numerous exhibits showing for the last year under the old rates and the first year under the new rates the operations and financial condition of the different companies in detail and as a whole. These exhibits are confined to domestic transportation.

On June 30, 1914, the United States Express Company, operating approximately 31,000 miles of express routes, retired from the express business. This mileage is now operated by petitioners, and for this reason the exhibits introduced, and those used herein, unless otherwise noted, include the operations of the United States Express Company for the year ended January 31, 1914, and the five months' period from that date to June 30, 1914.

The years ended January 31, 1914, and January 31, 1915, respectively, are referred to herein as the years 1914 and 1915.

The following table shows petitioners' revenues, expenses, and income, as a whole, for the years 1914 and 1915:

	1915	1914	Decrease.	
			Amount.	Per cent.
Revenues:				
Express, domestic.....	\$130,941,500.62	\$144,689,186.95	\$13,747,686.33	9.5
Miscellaneous.....	232,108.02	165,263.35	¹ 66,844.67	¹ 40.43
Total charges for transportation.....	131,173,608.64	144,854,450.30	13,680,841.66	9.44
Express privileges.....	66,470,561.06	73,589,506.63	7,118,945.57	9.67
Revenue from transportation after payment of express privileges.....	64,703,118.58	71,264,973.67	6,561,855.09	9.21
Expenses:				
Maintenance.....	3,955,625.08	3,616,541.18	¹ 339,083.90	¹ 9.38
Traffic.....	785,090.61	964,980.20	179,889.59	18.64
Transportation.....	56,787,235.43	60,451,279.22	3,664,043.79	6.06
General.....	4,307,979.30	4,978,734.93	670,755.63	12.47
Operating expenses.....	65,835,930.42	70,011,535.53	4,175,605.11	5.96
Net operating revenue.....	² 1,132,811.84	1,253,438.14	2,386,249.98	190.38
Uncollectible revenue from transportation.....	8,482.63	.....	¹ 8,482.63	¹ 100.00
Taxes.....	1,239,599.82	1,184,469.10	¹ 55,130.72	¹ 4.65
Total.....	1,248,082.45	1,184,469.10	¹ 63,613.35	¹ 5.37
Operating income.....	² 2,380,894.29	68,969.04	2,449,863.33	.....

¹ Increase.² Deficit.

It will be noted that petitioners' revenues from transportation after payment of express privileges decreased from \$71,264,973.67 in 1914 to \$64,703,118.58 in 1915, a decrease of 9.21 per cent. Operating expenses during the same period decreased from \$70,011,535.53 to \$65,835,930.42, a decrease of 5.96 per cent. The net operating revenue decreased from \$1,253,438.14 in 1914 to a deficit of \$1,132,811.84 in 1915. Operating income decreased from \$68,969.04 in 1914 to a deficit of \$2,380,894.29 in 1915, a decrease of \$2,449,863.33.

The item express privileges, which will be considered more in detail later, is the amount paid by the express companies to the railroads for providing transportation and furnishing certain terminal facilities. In other words, it is the proportion of the gross revenue that is paid to the railroad companies, as per contracts, for the services described.

The following table shows the number of shipments handled by petitioners as a whole during the years 1914 and 1915, the average charge per shipment, and the reduction in expenses per shipment:

	1915	1914	Decrease.		Average per shipment in cents.		Average decrease per shipment.	
			Amount.	Per cent.	1915	1914	Cents.	Per cent.
Number of shipments.....	193,870,819	191,644,891	2,225,928	1.16	.....	.....	.....	.....
Revenue from domestic transportation.....	\$181,173,669.64	\$144,854,480.80	\$13,880,810.66	9.44	67.66	75.59	7.93	10.49
Express privileges.....	66,470,561.06	73,589,508.63	7,118,965.57	9.67	34.29	38.40	4.11	10.70
Revenue from transportation after payment of express privileges.....	64,703,118.58	71,264,973.67	6,561,855.09	9.21	33.37	37.19	3.82	10.27
Operating expenses, taxes, and uncollectible revenue from transportation.....	67,084,012.87	71,196,004.63	4,111,991.76	5.78	34.60	37.15	2.55	6.86
Operating income.....	\$ 2,380,894.29	68,968.04	2,449,863.33	.....	1.23	.04	1.27	.....

¹ Increase.

² Deficit.

The number of shipments handled increased from 191,644,891 in 1914 to 193,870,819 in 1915, an increase of 2,225,928, or 1.16 per cent. The average charge per shipment in 1914 was 75.59 cents, while in 1915 it was 67.66 cents, a decrease of 7.93 cents, or 10.49 per cent. Operating expenses decreased in 1915 \$4,111,991.76, or 5.78 per cent. It will be noted that this amount is not the same as the item of \$4,175,605.11 decrease in operating expenses shown in the first table. This is due to the fact that the items of increased taxes and uncollectible revenue are not included in the item operating expenses in the first table, but are shown separately. Operating expenses and taxes per shipment in 1914 were 37.15 cents as compared with 34.60 cents in 1915, a decrease of 2.55 cents, or 6.86 per cent.

In 1915 petitioners handled 2,225,928 more shipments than in 1914, with a decrease in revenue of \$13,880,810.66 and a decrease in operating expenses of \$4,111,991.76.

The following tables show separately the results from the operations of the Adams Express Company, the American Express Company, the Southern Express Company, and Wells Fargo & Company, for the years 1914 and 1915:

Adams Express Company.

	1915	1914	Decrease.	Per cent.
Transportation revenue.....	\$32,624,821.87	\$34,127,294.85	\$1,502,472.98	4.4
Number of shipments.....	51,958,067	45,753,212	6,204,855	13.5
Average revenue per shipment, in cents.....	62.79	74.59	11.8	15.8
Operating expenses and taxes.....	\$17,542,345.26	\$16,773,545.15	\$768,800.11	4.58
Operating expenses and taxes per shipment, in cents.....	33.76	36.66	2.9	7.91
Express privileges.....	\$16,188,445.63	\$18,073,914.76	\$1,885,469.23	10.43

¹ Increase.

The transportation revenues of this company in 1915 decreased \$1,502,472.98, or 4.4 per cent. The number of shipments increased 6,204,845, or 13.5 per cent. The average revenue per shipment decreased 11.8 cents, or 15.8 per cent. Operating expenses and taxes increased \$766,800.11, or 4.58 per cent. Operating expenses and taxes per shipment decreased 2.9 cents, or 7.91 per cent. Express privileges decreased \$1,885,469.23, or 10.43 per cent. This company's operating expenses, taxes, and express privileges for 1915 totaled \$33,730,790.79, which is \$1,105,968.92 in excess of its transportation revenue for the same period.

American Express Company.

	1915	1914	Increase.	Per cent.
Transportation revenue.....	\$42,728,554.40	\$42,317,834.07	\$410,720.33	0.97
Number of shipments.....	62,596,639	55,896,678	6,789,961	12.17
Average revenue per shipment, in cents.....	68.28	75.83	7.57	10.98
Operating expenses and taxes.....	\$22,586,267.65	\$21,684,235.46	\$902,032.19	4.16
Operating expenses and taxes per shipment, in cents.....	36.08	38.86	2.78	7.15
Express privileges.....	\$31,767,187.78	\$31,268,707.56	\$498,480.18	2.15

¹ Decrease.

The transportation revenues of this company in 1915 increased \$410,720.33, or 0.97 per cent. The number of shipments increased 6,789,961, or 12.17 per cent. The average revenue per shipment decreased 7.57 cents, or 9.98 per cent. Operating expenses and taxes increased \$902,032.19, or 4.16 per cent. Operating expenses and taxes per shipment decreased 2.78 cents, or 7.15 per cent. Express privileges increased \$458,480.18, or 2.15 per cent. This company's operating expenses, taxes, and express privileges for 1915 total \$44,843,455.88, which is \$1,614,900.98 in excess of its transportation revenue for the same period.

Southern Express Company.

	1915	1914	Decrease.	Per cent.
Transportation revenue.....	\$14,312,546.34	\$15,855,302.29	\$1,542,845.86	9.73
Number of shipments.....	20,840,794	20,430,120	410,664	2.05
Average revenue per shipment, in cents.....	68.65	77.61	8.96	11.55
Operating expenses and taxes.....	\$6,512,577.47	\$6,982,579.48	\$420,002.01	6.06
Operating expenses and taxes per shipment, in cents.....	31.24	33.98	2.69	7.98
Express privileges.....	\$7,366,065.81	\$8,117,641.75	\$751,545.94	8.26

¹ Increase.

The transportation revenues of this company in 1915 decreased \$1,542,845.86, or 9.73 per cent. The number of shipments increased 419,664, or 2.05 per cent. The average revenue per shipment decreased 8.96 cents, or 11.55 per cent. Operating expenses and taxes decreased \$420,002.01, or 6.06 per cent. Operating expenses and

taxes per shipment decreased 2.69 cents, or 7.93 per cent. Express privileges decreased \$751,545.94, or 9.26 per cent. Transportation revenues were \$14,312,546.84, and express privileges, operating expenses, and taxes total \$13,878,973.28, so that in 1915 this company had a net operating revenue of \$433,573.06, as compared with \$804,870.97 in 1914.

Wells Fargo & Company.

	1915	1914	Increase.	Per cent.
Transportation revenue.....	\$34,431,941.28	\$32,279,671.96	\$2,152,269.42	6.67
Number of shipments.....	47,301,849	41,032,385	6,259,464	15.25
Average revenue per shipment, in cents.....	72.81	78.67	¹ 5.86	7.45
Operating expenses and taxes.....	\$16,386,117.80	\$15,196,562.46	\$1,189,555.34	7.83
Operating expenses and taxes per shipment, in cents.....	34.6	37.03	¹ 2.38	6.43
Express privileges.....	\$17,567,423.98	\$16,038,542.56	\$1,528,883.42	9.53

¹ Decrease.

The transportation revenues of this company in 1915 increased \$2,152,269.42, or 6.67 per cent. The number of shipments increased 6,259,464, or 15.25 per cent. The average revenue per shipment decreased 5.86 cents, or 7.45 per cent. Operating expenses and taxes increased \$1,189,555.34, or 7.83 per cent. Operating expenses and taxes per shipment decreased 2.38 cents, or 6.43 per cent. Express privileges increased \$1,528,883.42, or 9.53 per cent. Transportation revenues were \$34,431,941.28, while the express privileges, operating expenses, and taxes total \$33,953,543.78, so that in 1915 this company had a net operating revenue of \$478,397.50, as compared with \$1,044,566.84 in 1914.

From the foregoing statements it appears that each of petitioners' operating expenses for 1915 have increased, except those of the Southern Express Company. Petitioners explain that this has been caused by the increase in the number of shipments, due, in part, to the retirement of the United States Express Company.

The following table shows for petitioners, as well as for the United States Express Company, the number of shipments and expenses, not including taxes, for the first five months of 1914 under the new rates as compared with the same period in the preceding year:

February 1 to June 30.

Company.	Shipments.		Increase, 1914.	Per cent.	Expenses.		Decrease, 1914.	Per cent.
	1913	1914			1913	1914		
Adams.....	18,247,157	20,025,155	1,777,998	9.74	\$6,674,320.45	\$6,781,772.83	\$57,452.38	¹ 0.86
American.....	22,958,997	23,277,332	318,335	1.39	8,778,916.68	8,524,434.76	254,481.90	2.89
Southern.....	8,244,338	8,976,549	732,211	8.88	2,760,184.39	2,725,578.58	34,605.81	1.25
United States.....	11,965,265	11,454,357	² 510,908	² 4.27	4,367,033.98	3,991,196.43	365,837.55	8.40
Wells Fargo.....	17,141,171	16,509,417	² 631,754	² 3.68	6,270,313.77	5,667,133.69	583,180.08	9.30

¹ Increase.

² Decrease.

The Adams Express Company handled 9.74 per cent more shipments with 0.86 per cent increase in expenses; the American Express Company, 1.39 per cent more shipments with 2.89 per cent decrease in expenses; the Southern Express Company, 8.86 per cent more shipments with 1.25 per cent decrease in expenses; Wells Fargo & Company experienced 3.60 per cent decrease in shipments and 9.30 per cent decrease in expenses.

The following table shows the mileage operated by each of petitioners and their payments for express privileges for the years 1914 and 1915, with the percentage of increase or decrease:

Express company.	Mileage.		Increase.	Express privileges.		Decrease.
	1914	1915		1914	1915	
			<i>Per cent.</i>			<i>Per cent.</i>
Adams	33,356.72	37,866.46	11.84	\$18,073,914.76	\$16,189,445.53	10.43
American	58,385.80	65,948.23	12.95	21,298,707.55	21,757,187.73	2.15
Southern	32,713.85	33,475.85	2.33	8,117,641.75	7,366,096.81	9.26
Wells Fargo	65,817.42	74,211.96	12.75	16,038,542.56	17,567,425.98	9.53

¹ Increase.

The Adams Express Company increased its mileage 11.84 per cent, while its payments for express privileges decreased 10.43 per cent. The American Express Company's mileage was increased 12.95 per cent, and its payments for express privileges 2.15 per cent. The Southern Express Company's mileage increased 2.33 per cent, while its express privilege payments decreased 9.26 per cent. Wells Fargo & Company increased its mileage 12.75 per cent, and its express privilege payments 9.53 per cent. The increase in the express privilege item of this company is partly due, as evidenced by contracts on file with us, to increase in its payments to the Southern Pacific Company, the basis of which was changed as of May 1, 1914, from 40 per cent to 50 per cent of the gross, and similar increase under its contract with the Erie Railroad from 40 per cent to 45 per cent. The decrease of \$1,885,469.23 in the payments for express privileges by the Adams Express Company was apparently caused in part by a downward revision of its contracts with railroads. It reports having recovered from railroads \$980,583.04 as a result of readjustment of contracts. The American Express Company has made certain increases and decreases in its express privilege contracts during this period. It is stated that petitioners are still endeavoring to reduce the payments for express privileges by further modifications of their contracts with railroad companies.

While the financial condition of certain of petitioners is more favorable than that of others, it clearly appears that as a whole they are operating at a loss. In our original order they were treated

largely as a whole or substantially as though they had been merged into one express company. We are therefore of the opinion and find that petitioners' present revenues are not adequate, and that additional revenues are necessary in order that they may maintain the required standard of service.

Coming now to the question of whether or not the plan proposed by petitioners as a means of increasing their revenues should be made effective. The present express rates are composed of three factors: First, an allowance of 20 cents per shipment for collection and delivery service which does not vary with the weight or distance. Second, a rail terminal allowance of 25 cents per 100 pounds which varies with the weight but not with the distance. Third, the rail transportation per 100 pounds, which varies with both the weight and the distance and also varies in the different zones. As stated, petitioners ask that we modify our order so as to permit of the transposition of the first and second factors. The effect of this would be to increase the collection and delivery service allowance 5 cents per shipment and reduce the present rail terminal allowance at the rate of substantially one-twentieth of a cent per pound. The proposed reduction increases with the weight of the shipment, whereas the increase of 5 cents remains stationary. As the shipment increases in weight the increase of 5 cents is gradually reduced, and when 100 pounds is reached the increase is balanced, so that on shipments of 100 pounds or over the proposed adjustment will not effect any change.

The following table shows the proposed increases on first-class shipments. Certain weights will, however, differ slightly from the figures given due to the disposition of fractions, and not all shipments over 85 pounds will be increased:

	Cents.
1 to 5 pounds.....each.....	5
6 to 29 pounds.....do.....	4
30 to 49 pounds.....do.....	3
50 to 70 pounds.....do.....	2
71 to 99 pounds.....do.....	1

While the above is representative of the increases on first-class traffic, second-class shipments will be increased 75 per cent of these amounts, as the second-class rates are 75 per cent of the first-class rates. Substantially no commodity rates will be affected by the proposed increases.

Under the plan proposed, the distance a shipment is hauled has no bearing upon the proposed increase in rates except in so far as they may be affected by the casting off of fractions of one-half cent or the addition of 1 cent when the fraction exceeds one-half.

By actual count of shipments on two typical days for each company in 1915, petitioners have estimated that they handled during that year in interstate movements and in the states in which the interstate scale has been adopted 119,544,043 first-class and 20,191,646 second-class shipments, each less than 100 pounds in weight; the first-class shipments being 61.66 per cent and the second class 10.41 per cent of the total number of shipments. By a similar method they have estimated the average weight per first-class shipment of less than 100 pounds to have been 21.36 pounds and per second-class shipment of less than 100 pounds 52.17 pounds during the same period. Using these average weights for first and second class shipments, the additional revenue per first-class shipment under the proposed plan will be 3.93 cents, and on second class, 1.79 cents. At the additional revenue of 3.93 cents per first-class shipment of less than 100 pounds, the 119,544,043 shipments handled in the year 1915 would have yielded an estimated additional revenue of \$4,700,471.77. At an increase of 1.79 cents per shipment the 20,191,646 second-class shipments of less than 100 pounds would have yielded an estimated additional revenue of \$362,162.41, or a total estimated additional revenue from both classes of \$5,062,634.18. Petitioners' gross transportation revenue for the year 1915 was \$131,173,669.64. The estimated increase of \$5,062,634.18 would be approximately 3.86 per cent increase in gross revenue.

No definite objection to petitioners' prayer appears. A letter from the chairman of the committee on express rates and regulations of the National Association of Railway Commissioners was, by consent of petitioners, made a part of the record. This letter suggests the importance and propriety of scrutinizing carefully the figures presented by petitioners. This has been done, and no error or opportunity for criticism worth mentioning has been found. A representative of certain liquor dealers called attention to the fact that the increase proposed would fall upon the smaller shipments. It is suggested that if petitioners need additional revenue, any increase in rates should be fairly distributed over all business and for all weights. It has also been suggested that relief might be afforded by a change in the base rate in zone 1.

While it is true that under the proposed plan the small shipments will bear the greater share of the increase, we do not think that any unjust discrimination will result therefrom, because it was on the small shipments that the greater reduction was made by the rates which we prescribed. The following table shows for different parts of the United States taken as typical, the rates that were in effect prior to our order, the present rates, the amounts and percentages of

reductions, and also the proposed rates. It clearly demonstrates that the rates on the small shipments were decreased to a greater extent than those on the larger shipments, and that the proposed changes will, with few exceptions, result in rates substantially lower than those in effect prior to our order.

Pounds.	New York, N. Y., and Boston, Mass.					New York, N. Y., and Philadelphia, Pa.					Philadelphia, Pa., and Chicago, Ill.				
	Old rates.	Present rates.	Decrease.	Decrease.	Proposed rates.	Old rates.	Present rates.	Decrease.	Decrease.	Proposed rates.	Old rates.	Present rates.	Decrease.	Decrease.	Proposed rates.
	Cts.	Cts.	Cts.	P. ct.	Cts.	Cts.	Cts.	Cts.	P. ct.	Cts.	Cts.	Cts.	Cts.	P. ct.	Cts.
5.....	35	24	11	31	29	35	23	12	34	23	60	30	30	30	35
10.....	40	28	12	30	32	40	27	13	32	31	75	41	34	45	45
15.....	40	32	8	20	36	40	30	10	25	35	85	51	34	40	55
20.....	45	36	9	20	40	40	34	6	15	38	100	62	38	38	66
25.....	50	40	10	20	44	45	37	8	17	41	110	72	38	34	76
30.....	55	44	11	20	47	50	41	9	18	44	113	83	30	26	86
35.....	55	48	7	12	51	50	44	6	12	48	113	93	20	17	97
40.....	60	52	8	13	55	55	48	7	12	51	113	104	9	8	107
45.....	65	56	9	14	59	60	51	9	15	54	113	114	1	1,009	117
50.....	70	60	10	14	62	60	55	5	8	57	113	125	1	1,10	127
55.....	75	64	11	14	66	65	58	7	10	61	124	135	1	1	138
60.....	80	68	12	15	70	70	62	8	11	64	135	140	1	1	148
65.....	85	72	13	15	74	75	65	10	13	67	147	156	1	1	158
70.....	90	76	14	15	77	75	69	6	8	70	158	167	1	1	168
75.....	100	80	20	21	81	75	72	3	4	74	169	177	1	1	179
80.....	100	84	16	16	85	75	76	1	1	77	180	188	1	1	189
85.....	100	88	12	12	89	75	79	1	1	80	192	198	1	1	199
90.....	100	92	8	8	92	75	83	1	1	83	203	209	1	1	209
95.....	100	96	4	4	96	75	86	1	1	87	214	219	1	1	220
100.....	100	100	.....	.....	100	75	90	1	1	90	225	230	1	1	230

Pounds.	Pittsburgh, Pa., and St. Louis, Mo.					Dayton, Ohio, and Muncie, Ind.					Chicago, Ill., and Denver, Colo.				
	Old rates.	Present rates.	Decrease.	Decrease.	Proposed rates.	Old rates.	Present rates.	Decrease.	Decrease.	Proposed rates.	Old rates.	Present rates.	Decrease.	Decrease.	Proposed rates.
	Cts.	Cts.	Cts.	P. ct.	Cts.	Cts.	Cts.	Cts.	P. ct.	Cts.	Cts.	Cts.	Cts.	P. ct.	Cts.
5.....	55	29	26	47	34	30	23	7	23	27	75	40	35	46	45
10.....	70	39	31	44	43	35	26	10	28	30	115	60	55	47	64
15.....	75	48	27	36	53	35	28	7	20	32	135	80	55	40	84
20.....	85	56	27	31	62	35	31	4	11	35	165	100	65	39	104
25.....	100	67	33	33	71	40	34	6	15	37	185	120	65	35	124
30.....	100	77	23	23	80	45	36	9	20	40	210	140	70	33	143
35.....	100	86	14	14	90	45	39	6	13	42	225	160	65	28	163
40.....	100	96	4	4	99	50	42	8	16	45	250	180	70	28	183
45.....	100	105	1	1	108	50	45	5	10	47	275	200	75	27	203
50.....	100	115	1	1	117	55	47	8	14	50	275	220	55	20	223
55.....	110	124	1	1	127	60	50	10	16	52	303	240	63	20	242
60.....	120	134	1	1	136	60	53	7	11	55	330	260	70	21	262
65.....	130	143	1	1	145	60	56	4	6	57	358	280	78	21	282
70.....	140	153	1	1	154	60	58	2	3	60	385	300	85	22	301
75.....	150	162	1	1	164	60	61	1	1	62	413	320	93	22	321
80.....	160	172	1	1	173	60	64	1	1	65	440	340	100	22	341
85.....	170	181	1	1	182	60	67	1	1	67	468	360	108	23	361
90.....	180	191	1	1	191	60	69	1	1	69	495	380	115	23	380
95.....	190	200	1	1	201	60	72	1	1	72	523	400	123	23	400
100.....	200	210	1	1	210	60	75	1	1	75	550	420	130	23	420

¹ Increase.

With respect to the suggested change in the base rate in zone 1, which is the territory east of the Mississippi and north of the Ohio rivers, where the companies now operating at a loss do the greater portion of their business, it appears that the present 100-pound rates approximate the rates that were in effect prior to February 1, 1914, and can not be increased to the extent of providing the necessary additional revenue without destroying the business. To thus provide for an increase of approximately \$5,000,000 it would be necessary to substantially increase the 100-pound rates, many of which would then exceed those in effect prior to the effective date of our order, particularly the short-haul rates.

A western state commission suggests, although not on the record, that the relationship of the rates in the west to those in zones farther east is not what it should be, and that if any change is to be made a revision of the whole scheme of rates should be made. The investigation which resulted in our original order was most exhaustive. The present plan has given very general satisfaction and has provoked but little complaint. Petitioners have cooperated earnestly and fairly in an effort to make the new plan a success and to secure uniformity of rates for state and interstate business. If they are, in face of those efforts, operating at a loss under rates prescribed by us, and it clearly appears that they are, they are entitled to reasonable relief promptly, and without awaiting the result of another general investigation that would consume two or three years.

From all the facts and circumstances of record we are of the opinion, and find, that the plan proposed will not result in rates that are unreasonable, and that our order should be modified so as to allow it to be made effective.

An order will be entered in conformity with the views herein expressed.

35 L. C. C.

No. 6776.
LEHIGH PORTLAND CEMENT COMPANY
v.
**BALTIMORE & OHIO SOUTHWESTERN RAILROAD COM-
PANY ET AL.**

Submitted January 19, 1915. Decided June 30, 1915.

Rates on cement in carloads from Mitchell, Ind., to Kentucky junction points found unreasonable and unjustly discriminatory as compared with rates from Superior, Ohio, and Fordwick, Va., and reasonable rates fixed for future, which defendants are required to publish as joint through rates.

F. E. Paulson and L. J. Dauback for complainant.

B. Walton Moore, C. J. Bizzy, jr., and W. H. Fowle for Cincinnati, New Orleans & Texas Pacific Railway and Southern Railway in Kentucky.

William Burger for Louisville & Nashville Railroad Company.

Edward Barton and S. S. Stewart for Baltimore & Ohio Southwestern Railroad Company.

REPORT OF THE COMMISSION.

MOCHORD, Chairman:

Complainant is a Pennsylvania corporation manufacturing portland cement at various places in the United States, with two of its plants located on the line of the Baltimore & Ohio Southwestern Railroad at Mitchell, Ind., served also under switching arrangements by the Chicago, Indianapolis & Louisville Railway. Mitchell is in southeastern Indiana, 68 miles northwest of Louisville, Ky., via the line of the Chicago, Indianapolis & Louisville Railway.

The complaint brings in issue the carload rates on portland cement from Mitchell, Ind., to various junction points in central Kentucky. It is alleged that the rates complained of are unreasonable in and of themselves, and unjustly discriminatory against Mitchell as compared with the rates from Superior, Ohio, and Fordwick, Va.

The following table compiled from complainant's exhibits shows the rates and distances herein concerned, together with the respective rates and distances from the two points at which are located cement plants with which complainant is in competition:

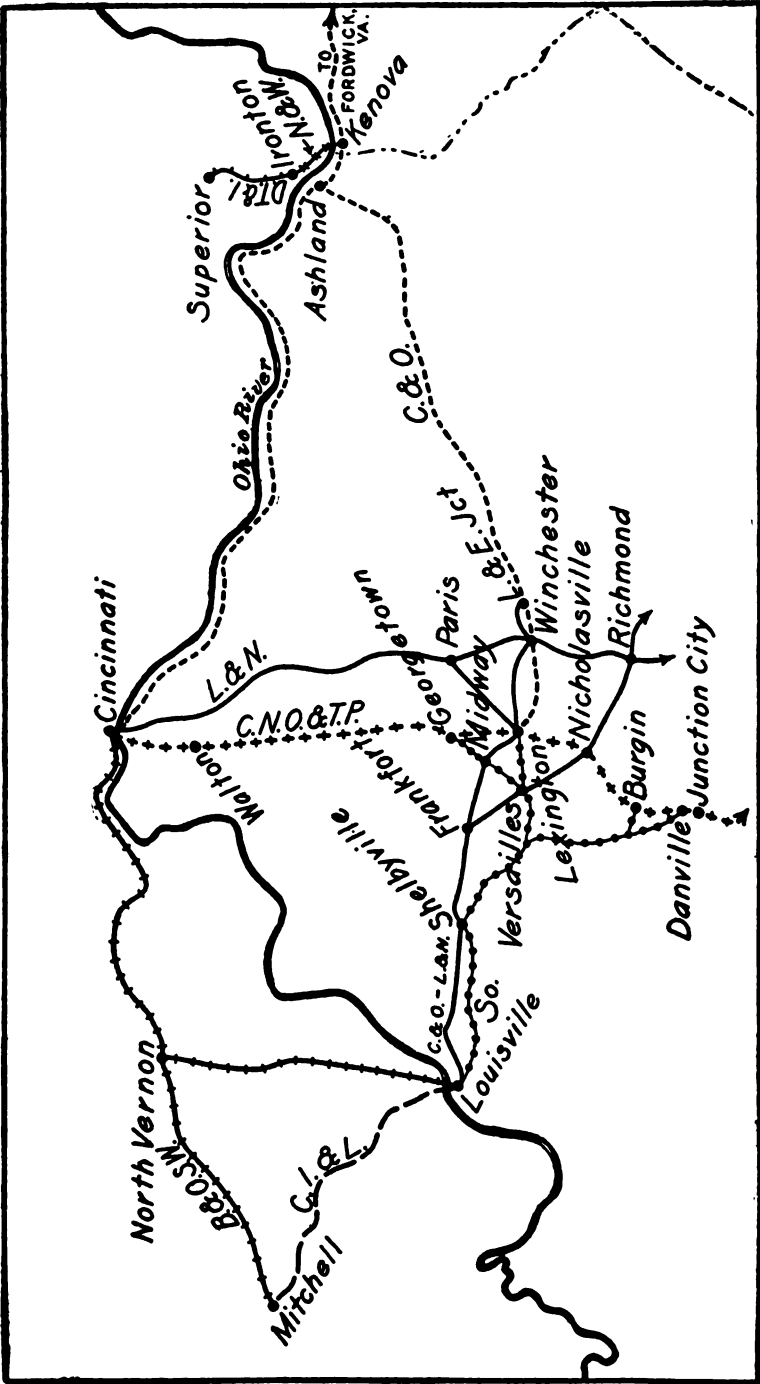
To—	From Mitchell, Ind.			From Superior, Ohio.			From Fordwick, Va.		
	Dis- tance.	Rate per 100 pounds.	Ton- mile earn- ings.	Dis- tance.	Rate per 100 pounds.	Ton- mile earn- ings.	Dis- tance.	Rate per 100 pounds.	Ton- mile earn- ings.
	<i>Miles.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Miles.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Miles.</i>	<i>Cents.</i>	<i>Cents.</i>
Shelbyville.....	99	9.5	1.915	194	12.0	1.2	448	13.5	0.6027
Frankfort.....	123	10.5	1.707	176	12.5	1.42	430	13.5	.6744
Georgetown.....	146	9.5	1.301	159	10.5	1.32	413	12.5	.6053
Paris.....	164	12.5	1.524	146	11.5	1.575	399	12.5	.6266
Midway.....	138	12.5	1.811	161	12.0	1.429	415	13.5	.6506
Lexington.....	152	9.5	1.26	147	7.25	.886	401	8.75	.4364
					6.5	.884		8.5	.4238
Winchester.....	171	11.25	1.315	129	7.25	1.124		8.75	.4582
					6.5	1.007		7.5	.3927
L. & E. Junction.....	178	9.5	1.067	122	7.25	1.188	375	7.75	.4666
					6.5	1.085		7.5	.4
Versailles.....	139	12.5	1.798	160	10.5	1.437	414	12.5	.6506
Nicholasville.....	156	12.5	1.602	159	10.5	1.32	413	12.5	.6063
Richmond.....	178	12.5	1.404	151	11.5	1.523	404	12.5	.6188
Burgin.....	168	12.5	1.582	174	13.5	1.666	428	15.5	.771
Danville.....	161	13.5	1.677	182	11.6	1.264	436	13.5	.6193
Junction City.....	163	11.5	1.411	186	12.5	1.288	440	13.5	.6136
Walton.....	147	9.0	1.224	172	10.0	1.162	444	12.75	.6744

¹ Proportional rates.

The accompanying map shows the location of the respective producing points and the common market points herein involved.

Neither the defendant, Chicago, Indianapolis & Louisville Railway Company, nor the Chesapeake & Ohio Railway Company appeared in the case. The carriers which did appear, however, show that the rates in question are made by combination on the Ohio River and that the northern lines' rate to the river is lower than the rate which would be produced by the application of the general basis applied from practically all cement-producing points in central freight association territory, which is 73.33 per cent of the central freight association sixth-class mileage scale to the basing point, and that this rate, as well as the rate of the carriers south of the river, is reasonable in and of itself, and since the complainant has admitted the reasonableness of each of these factors, it is contended that the present rate situation is justified. Further, these defendants contend that they do not control the rate situation to certain of the points where the discrimination against Mitchell is marked, and that therefore they can not remove same. It is urged that with respect to these points the present rates from competing territory should not control, since rates to such points from Mitchell made the same as the rates from competing territory would result in a lowering of the rates to points served by these defendants, which would be unjustifiable, since the rates to the Ohio River are unusually low and those south of the Ohio River are reasonable in and of themselves.

The complainant replies that it is not the factors of the rates against which it is complaining, but rather the combination of these factors which it conceives to be unreasonable and discriminatory. The estab-



lishment of joint through rates is urged, so fixed that the unjust discrimination complained of will be removed.

The rates here concerned as quoted are made on the Louisville or Cincinnati combination, whichever yields the lower rate. This method of making rates from central freight association territory to points south of the Ohio River is in conformity with the established practice of the carriers. When it was originally sought to establish class rates from points north of the river to points in the territory south thereof, and vice versa, the carriers were confronted with the difference in classification prevailing in the territory north of the river as compared with that south thereof, and the only practical basis for such rates seemed to be a combination of a rate up to the river with a like factor beyond the river to destination. The Ohio River being the physical boundary between central freight association territory and southern classification territory, crossings located on that river became the breaking points for all interterritorial rates. Applied in the beginning only to class rates, the same method was used in fixing through commodity rates, when from time to time demands which were made for such rates had to be met. While the existence of the two classifications may explain the fact that class rates are made by combination, there is no such reason or justification for commodity rates being so stated, since classification differences are not encountered.

As said in *Burnham, Hanna, Munger Co. v. C., R. I. & P. Ry. Co.*, 14 I. C. C., 299, 312:

It must not, however, be assumed that a basing line for rates may be established and be made an impassable barrier for through rates * * *.

The Ohio River presents no transportation difficulties such as to make of it a barrier against the free movement of traffic to and from the territory on either side thereof. Each of the defendants has its bridge or bridge arrangements which enables each of the northern lines to make deliveries to the southern lines, and vice versa, in the same manner and to the same degree as the carriers in either of the rate territories do among themselves. As regards commodity rates, there appears to be no more ground for refusing to establish through joint rates on transriver traffic than there would be in central freight association lines or southern lines refusing to establish joint through rates among themselves.

It appears from the record that to certain southern points, chiefly in Mississippi, the rates on cement from central freight association points are published as joint rates. The defendants urged, however, that while in some instances interterritorial rates are published as joint rates, they are the same as the combination of proportionals formerly published, and that they were put in to meet the water competition via the Mississippi River.

The issue here presented requires an examination of the reasonableness of the combined charge as distinguished from a scrutiny of the reasonableness *per se* of the several factors going to make up such charge. The situation is somewhat analogous to that in *Iowa State Board of R. R. Commissioners v. A. E. R. Co.*, 28 I. C. C., 193, where it was said on page 202:

Perhaps the most difficult situation to deal with is presented by territory lying immediately west of Iowa. These rates are now constructed by combination upon the Missouri River. We understand that, as a practical matter, the rate of the Iowa commission is applied in the state of Iowa, and that the rate of the Nebraska commission is used in Nebraska. Both of these rates are said to be sufficiently low, and the carriers earnestly insist that they ought not to be required to take less than the resulting combination. The complainant answers that the through rate ought not to be equal to the sum of the intermediates, and that, conceding as it does that the Iowa state rates and the Nebraska state rates are reasonable, still a through rate should be constructed which is less than the sum of the two.

This Commission has often held, for reasons which need not be restated here, that in theory the contention of the complainant is sound. Four terminal services are involved in the two intermediate rates, while but two such services are necessary in the through rate. While many situations exist where the transfer from one line to another may be equivalent to a terminal service, still the general rule is otherwise, and if discrimination is to be avoided some general rule must be applied. This Commission has several times held, for instance, that rates into territory south of Virginia cities should be somewhat less than the full combination upon the Virginia city. The same principle has been frequently recognized in the construction of through tariffs.

In support of its contentions the complainant has introduced many rate comparisons. The following table gives the rate and distance from the several producing points named to Lexington, Ky.:

From—	Rate per 100 pounds.	Miles.
	<i>Cents.</i>	
Mitchell, Ind.....	9.5	153
Fordwick, Va.....	8.75	401
Richard City, Tenn.....	10.0	288
Universal, Pa.....	11.0	421
Manheim, W. Va.....	11.75	386

Comparisons are also made between the rates attacked and rates for similar distances constructed on the distance scales applicable in Illinois, Iowa, Minnesota, Missouri, and on the central freight association scale, which calculations all produce rates much lower than the rates under consideration. The force of these comparisons is contested by the defendants, since it is claimed that the traffic conditions north of the Ohio River are not comparable with the conditions prevailing south of the river, and the defendants in turn submit rate comparisons applicable in southern and southwestern territory. These comparisons include rates from some 20 producing or distrib-

uting points in the south to 9,315 southern destinations for one-line haul distances ranging from 10 to 185 miles. No proof is offered showing the rates used or the traffic conditions with respect thereto, as compared with the rates in question, and the tabulation is tendered merely as indicating an average basis of estimated cement rates in southern territory for the specified distances.

The following table gives the constructed rates, in cents per 100 pounds, from Mitchell, Ind., and Superior, Ohio, respectively, obtained by using the defendants' average rate for the respective distances to the junction points here involved, together with the distances and respective prevailing rates:

To—	From Mitchell, Ind.			From Superior, Ohio.		
	Con- structed rate.	Miles.	Rate.	Con- structed rate.	Miles.	Rate.
	<i>Cents.</i>		<i>Cents.</i>	<i>Cents.</i>		<i>Cents.</i>
Shelbyville.....	8.81	99	9.5	11.92	194	12.0
Frankfort.....	10.38	133	10.5	11.75	176	12.5
Georgetown.....	11.08	156	9.5	11.08	159	10.5
Paris.....	11.75	174	12.5	10.67	146	11.5
Midway.....	10.67	148	12.5	11.03	161	11.25
Lexington.....	11.08	155	9.5	10.67	147	17.25
Winchester.....	11.75	173	11.25	9.90	129	17.25
L. & E. Junction.....	11.92	180	9.5	9.90	122	6.5
Versailles.....	10.67	142	12.5	11.03	160	11.5
Nicholasville.....	11.03	165	12.5	11.08	159	10.5
Richmond.....	11.92	195	12.5	11.08	151	11.5
Burgin.....	11.08	156	12.5	11.75	174	10.5
Danville.....	11.03	161	13.5	11.92	182	11.5
Junction City.....	11.08	163	11.5	11.92	186	12.5
Walton.....	10.67	149	9.0	11.75	172	10.0

¹ Local.

The following table gives rates from Richard City, Tenn., to certain specified destinations:

From Richard City Tenn., to—	Miles.	Rate per 100 pounds.
		<i>Cents.</i>
Cincinnati, Ohio.....	370	10.0
Atlanta, Ga.....	165	7.0
Huntsville, Ala.....	93	6.75
Gadsden, Ala.....	166	7.0

The comparisons with rates on such articles as brick, sand, cinders, gravel, coal, clay, and other low-grade commodities indicates a higher level for the cement rates.

There is no evidence in the record showing the comparative movement of cement from the several producing points here involved to the junction points under consideration.

When rate comparisons are offered in evidence in substantiation of a claim of unreasonableness, they should be accompanied by such testimony as is possible showing the transportation circumstances and conditions incident to the rates compared; such evidence is forceful until impeached by other evidence showing that the rate comparisons are not comparable. Rate comparisons may thus be discredited in a number of ways, among others by showing that the transportation conditions prevailing in the two territories from which the rates are compared are different; or that the volume of traffic is different; that the population served is different; that competitive conditions by rail are different; that water or rail competition intervenes as a factor; and in many other ways, but the parties in this proceeding have contented themselves with general testimony to the effect that conditions north of the river are different from conditions south of the river, which fact, they say, has been many times before the Commission. It might be a matter of general knowledge, of which the Commission would take notice, that traffic conditions in southern classification territory generally are different from traffic conditions generally in central freight association territory, but whether conditions in the southern part of central freight association territory are similar to conditions prevailing in that territory generally or that conditions in the northern part of southern classification territory are similar to conditions prevailing generally in that territory are matters capable of direct proof such as is lacking herein. Some evidence is introduced concerning the conditions applicable via the line of the Southern Railway, but no evidence is offered by this defendant to show that these conditions are any different from those prevailing in the territory where the rates used by complainant for its comparisons apply.

The chief cause for complaint seems to be that the rates applicable from Fordwick to Lexington, Winchester, and L. & E. Junction via the Chesapeake & Ohio line are much lower than the respective rates from Mitchell, while the distance is twice as great, and that the Chesapeake & Ohio joins in through rates from Superior to these points and refuses to accord complainant a rate adjustment that will put it on an equal basis with its competitors located at the aforesaid points. It is also pointed out that the Chesapeake & Ohio joins in a through rate with the Baltimore & Ohio Southwestern via Cincinnati to Ashland, Ky., of 8 cents per 100 pounds, and refuses to join in through rates via Louisville to the destination points herein concerned.

While the Chesapeake & Ohio did not appear to justify or explain its rate structure, an explanation was offered by a witness for one of the other defendants herein in that the transportation policy of the Chesapeake & Ohio has been to equalize its traffic by so constructing

its rates as to obtain a movement of traffic in both directions on its line. Whereas the normal movement of the greatest volume of traffic is stated to be eastbound, these rates have been made unusually low, it is said, to draw a movement of cement westbound, and it is shown that for the rates quoted from Fordwick westbound where the Chesapeake & Ohio hauls the traffic some 400 miles, eastbound the same rate would only carry the traffic some 190 miles. It appears from the record that the average distance to the points here concerned from Mitchell is 151 miles, and that the Chesapeake & Ohio rate eastbound for such distance is 8.75 cents per 100 pounds.

From a consideration of all the facts and circumstances the Commission is of opinion that the rates here under consideration are unreasonable in and of themselves, and unjustly discriminatory against the complainant as compared with its competitors located at Superior, Ohio, and Fordwick, Va., and the defendants herein will be required to enter into joint through rates from Mitchell, Ind., which shall not exceed the following:

From Mitchell, Ind., to—	Per 100 pounds.	From Mitchell, Ind., to—	Per 100 pounds.
	<i>Cents.</i>		<i>Cents.</i>
Shelbyville.....	8.0	Versailles.....	9.0
Frankfort.....	8.0	Nicholasville.....	10.0
Georgetown.....	9.5	Richmond.....	11.0
Paris.....	11.0	Burgh.....	10.0
Midway.....	8.0	Danville.....	10.0
Lexington.....	8.0	Junction City.....	10.0
Winchester.....	9.5	Walton.....	8.0
L. & E. Junction.....	9.5		

The defendant Chesapeake & Ohio Railway Company will be required to remove the discrimination existing in the rate to Lexington, Ky., from Superior, Ohio, and Mitchell, Ind., and to apply to Lexington from said points of origin no higher rate than is contemporaneously maintained from Superior, with a rate of 8 cents per 100 pounds as a maximum. To Winchester and L. & E. Junction a differential of 1 cent may be maintained in favor of Superior, Ohio, and Fordwick, Va.

An order will be entered accordingly.

35 I. C. C.

No. 6861.

ATHENS GLASS COMPANY ET AL.

v.

BALTIMORE & OHIO RAILROAD COMPANY ET AL.

Submitted April 7, 1915. Decided July 6, 1915.

Carload and less-than-carload rates on glass tumblers; window glass; lamp shades, not cut; inkwells; inkstands, not cut; common glassware, n. o. s.; skylights; roofing and floor glass; polished wire glass exceeding 120 inches and polished wire glass not exceeding 120 inches, from Morgantown, W. Va., to Buffalo, N. Y.; Chicago, Ill.; Cincinnati, Cleveland, Columbus, and Youngstown, Ohio; Detroit, Mich.; Indianapolis, Ind.; Louisville, Ky.; Minneapolis and St. Paul, Minn.; Pittsburgh, Pa.; and St. Louis, Mo., considered; *Held*, That said rates, except those to Youngstown, Cleveland, and Buffalo, are unjustly discriminatory against Morgantown, W. Va., and defendants required to apply rates for the future that shall not exceed the rates contemporaneously in effect from the Clarksburg or Pittsburgh districts. To Youngstown, Buffalo, and Cleveland the present differentials existing between Morgantown and Pittsburgh and between Morgantown and Clarksburg in the different class rates ordinarily applicable to the respective glass articles herein concerned shall not be exceeded in making any readjustment hereunder of the rates to these points from Morgantown.

J. F. Lent for complainants.

W. C. Coleman for Baltimore & Ohio Railroad Company, Baltimore & Ohio Southwestern Railroad Company, and New York Central lines.

L. T. Sladden for Pittsburgh & Lake Erie Railroad Company, intervener.

REPORT OF THE COMMISSION.

McCHORD, Chairman:

The complainants are six corporations manufacturing glass articles, with plants located at Morgantown, W. Va., a point on the line of defendant Baltimore & Ohio Railroad, in the north central part of West Virginia. To the southwest, 58 miles, measured by the line of this railroad, is Clarksburg, W. Va., and to the north, 102 miles, measured on the line of the same road, is Pittsburgh, each of which points is in a group district in which are located certain glass plants with which the complainants herein compete.

The Pittsburgh & Lake Erie Railroad intervenes herein in behalf of its interest in the Buckhannon & Northern Railroad Company, a new line recently completed to Fairmont, W. Va. None of the plants of the complainants are served by this new road, but it will have to meet the rates applicable via the Baltimore & Ohio Railroad from Fairmont west, if it participates in the traffic.

The rates brought in issue here are the carload and less-than-carload rates on glass tumblers; window glass; lamp shades, not cut; inkwells; inkstands, not cut; common glassware, n. o. s.; skylights; roofing and floor glass; polished wire glass exceeding 120 inches and polished wire glass not exceeding 120 inches, from Morgantown to Buffalo, N. Y.; Chicago, Ill.; Cincinnati, Cleveland, Columbus, and Youngstown, Ohio; Detroit, Mich.; Indianapolis, Ind.; Louisville, Ky.; Minneapolis and St. Paul, Minn.; Pittsburgh, Pa.; and St. Louis, Mo. These rates are quoted as class rates. The complaint alleges that the rates attacked are unreasonable in and of themselves and unjustly discriminatory against the complainants located at Morgantown as compared with the rates applicable to the above destination points from other producing points with which complainants are in competition. Reparation is prayed for broadly, but no amount of damage is alleged.

It appears that on eastbound rates Morgantown is included in the same group with the Clarksburg points and the Pittsburgh points, but that on the westbound rates, of which complaint is here made, Morgantown is in a group taking higher rates in many instances than either Clarksburg or Pittsburgh points.

The following table shows the rates from Morgantown that are in issue, together with the respective rates from the competing districts for each of the classes of glass articles herein concerned, together with the average short-line mileages, compiled from the detailed exhibits furnished by the defendants. The distances as shown from the Morgantown group purport to be the average of the short-line distances to the respective destination points from the following points included by defendants in the Morgantown group: Sabraton, Morgantown, Star City, W. Va.; Dunbar, Connellsville, Mount Pleasant, Point Marion, Fairchance, Uniontown, Masontown, West Brownsville, and California, Pa. The distances shown for Clarksburg purport to be the average of the short-line distances to the respective destination points from the following points grouped by the defendants under the Clarksburg district: Clarksburg, Goff Farm, Weston, West Union, Salem, Fairmont, Cameron, Mannington, Pennsboro, Grafton, W. Va. The distances from the Pittsburgh district as indicated in the table purport to be the average of the short-line distances to the respective destination points from the following points included by the defendants in the Pittsburgh district: Pittsburgh, Rochester, Beaver Falls, Grapeville, Charleroi, Monongahela City, Huff, Jeannette, Monaca, Coraopolis, Belle Vernon, Glassboro, Floreffe, Swissvale, Arnold, Ford City, Kittanning, Tarentum, Glassmere, Butler, Springdale, Washington, and Bridgeville, Pa.; Steubenville, Toronto, Bellaire, Martins Ferry, Bridgeport, Barnesville, Ohio; Follansbee, Wheeling, Wellsburg, Moundsville, Sistersville, New Mar-

tinsville, W. Va. It should be noted that no glass factories are located in Pittsburgh and that the producing points which are grouped as the Pittsburgh district are located at an average distance of 43½ miles from that point. It does not appear in the record just what glass articles are manufactured at each of the respective points that are included in the respective groups. It will be noted that the Pittsburgh group is extended to include points west of Pittsburgh in Ohio which are at distances from Pittsburgh ranging from 43 to 99 miles and points in West Virginia at a maximum distance of 114 miles from Pittsburgh. Of the points included by the defendants in the Morgantown group, Morgantown itself appears to be the most westerly. It does not appear in the record that the grouping adopted by the defendants is any other than arbitrary.

Rates on glass and glassware, per 100 pounds, and short-line mileages.

To—	Window glass, carloads.						Common tumblers.					
	From Morgantown, W. Va., district.		From Clarksburg, W. Va., district.		From Pittsburgh district.		From Morgantown, W. Va., district.		From Clarksburg, W. Va., district.		From Pittsburgh district.	
	Distance.	Rate.	Distance.	Rate.	Distance.	Rate.	C. L.	L.C.L.	C. L.	L.C.L.	C. L.	L.C.L.
	Miles.	Cents.	Miles.	Cents.	Miles.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
Buffalo, N. Y.	334	16.9	418	17.9	273	12.1	16.9	29.5	17.9	33.9	12.1	26.8
Chicago, Ill.	336	20.9	528	18.9	473	18.9	20.9	38.3	20.9	38.3	18.9	34.9
Cincinnati, Ohio.	358	17.8	280	15.8	311	15.8	17.8	34.3	15.8	34.7	15.8	31.3
Cleveland, Ohio.	216	12.5	247	12.6	151	10.5	15.9	28.5	12.6	28.5	10.5	21.4
Columbus, Ohio.	248	14.6	210	12.6	193	12.6	15.9	28.8	14.6	28.8	12.6	26.4
Detroit, Mich.	380	18.9	380	18.0	311	15.7	17.7	34.7	17.7	34.7	15.7	31.3
Indianapolis, Ind.	430	19.9	389	17.9	373	17.9	19.9	36.9	19.9	36.9	17.9	33.5
Louisville, Ky.	471	20.9	394	18.9	423	18.9	20.9	38.3	18.9	38.3	18.9	34.9
Minneapolis, Minn.	945	39.4	987	39.4	876	37.4	39.4	72.0	39.4	72.3	37.4	68.9
St. Paul, Minn.	934	39.4	926	39.4	865	37.4	39.4	72.0	39.4	72.3	37.4	68.9
Pittsburgh, Pa.	74	11.5	157	14.7	43.5	8.4	11.6	22.4	14.7	26.8	8.4	11.6
St. Louis, Mo.	672	26.6	618	23.6	616	23.6	26.6	47.3	23.6	47.3	23.6	43.8
Youngstown, Ohio.	142	11.5	229	11.6	95	9.5	15.9	28.1	11.6	28.5	9.5	17.9

To—	Common glassware.						Roofing glass.					
	From Morgantown, W. Va., district.		From Clarksburg, W. Va., district.		From Pittsburgh district.		From Morgantown, W. Va., district.		From Clarksburg, W. Va., district.		From Pittsburgh district.	
	C. L.	L.C.L.	C. L.	L.C.L.	C. L.	L.C.L.	C. L.	L.C.L.	C. L.	L.C.L.	C. L.	L.C.L.
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
Buffalo, N. Y.	20.4	29.5	21.0	33.9	15.3	26.8	16.9	29.5	17.9	30.5	12.1	23.1
Chicago, Ill.	24.1	38.3	24.1	38.3	22.1	34.9	20.9	34.5	20.9	34.5	18.9	31.5
Cincinnati, Ohio.	20.9	34.7	20.9	34.7	18.9	31.3	17.8	30.3	15.8	30.3	15.8	27.3
Cleveland, Ohio.	19.1	28.5	19.1	28.5	13.7	21.4	15.9	28.5	12.6	28.5	10.5	21.0
Columbus, Ohio.	19.1	28.5	19.1	28.5	15.8	25.4	15.9	28.5	14.6	28.5	12.6	23.1
Detroit, Mich.	20.8	34.7	20.8	34.7	18.8	31.3	17.7	30.3	17.7	30.3	15.7	27.3
Indianapolis, Ind.	22.5	36.9	22.5	36.9	20.5	33.5	19.9	32.9	19.9	32.9	17.9	29.9
Louisville, Ky.	24.1	38.3	24.1	38.3	22.1	34.9	20.9	34.5	18.9	34.5	18.9	31.5
Minneapolis, Minn.	45.1	72.0	45.1	72.3	43.1	68.9	39.4	64.5	39.4	64.5	37.4	61.5
St. Paul, Minn.	45.1	72.0	45.1	72.3	43.1	68.9	39.4	64.5	39.4	64.5	37.4	61.5
Pittsburgh, Pa.	14.7	22.4	16.8	26.8	9.5	11.6	11.6	21.0	11.6	24.3	8.4	11.6
St. Louis, Mo.	29.3	47.3	29.3	47.3	27.3	43.8	26.6	42.4	23.6	42.4	23.6	39.4
Youngstown, Ohio.	19.1	28.1	19.1	28.5	12.6	17.9	15.9	27.3	11.6	28.5	9.5	17.3

¹ Commodity rates. Others are class rates.

Rates on glass and glassware, per 100 pounds, and short-line mileages—Con.

To—	Polished glass (wired), exceeding 120 inches.						Polished glass (wired), not exceeding 120 inches.					
	From Morgantown, W. Va., district.		From Clarksburg, W. Va., district.		From Pittsburgh district.		From Morgantown, W. Va., district.		From Clarksburg, W. Va., district.		From Pittsburgh district.	
	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Buffalo, N. Y.	23.6	41.3	24.4	46.2	18.5	36.8	20.4	35.0	21.0	39.9	15.2	31.5
Chicago, Ill.	27.7	52.3	27.7	52.3	25.2	47.3	24.1	45.0	24.1	45.0	22.1	41.0
Cincinnati, Ohio.	24.2	48.1	24.2	48.1	21.8	43.1	20.9	40.8	20.9	40.8	18.9	36.8
Cleveland, Ohio.	22.8	39.3	22.8	39.3	16.8	28.9	19.1	33.0	19.1	33.0	13.7	25.2
Columbus, Ohio.	22.8	39.7	22.8	39.7	18.5	34.7	19.1	33.9	19.1	33.9	15.8	29.9
Detroit, Mich.	24.4	47.4	24.4	47.4	21.8	43.1	20.8	40.8	20.8	40.8	18.8	36.8
Indianapolis, Ind.	26.3	51.2	26.3	51.2	23.9	46.2	22.5	42.4	22.5	42.4	20.5	39.4
Louisville, Ky.	27.6	52.3	27.6	52.3	25.2	47.3	24.1	45.0	24.1	45.0	22.1	41.0
Minneapolis, Minn.	51.6	100.3	51.6	100.3	49.2	97.3	45.1	85.0	45.1	85.0	43.1	81.0
St. Paul, Minn.	51.6	100.3	51.6	100.3	49.2	97.3	45.1	85.0	45.1	85.0	43.1	81.0
Pittsburgh, Pa.	16.8	31.5	19.4	37.8	9.5	15.8	14.7	26.3	16.8	31.5	9.5	12.6
St. Louis, Mo.	33.9	64.3	33.9	64.3	31.5	59.3	29.3	55.5	29.3	55.5	27.3	51.5
Youngstown, Ohio.	21.8	39.3	22.8	39.3	13.8	24.2	19.1	33.0	19.1	33.0	12.6	21.0

Inkstands, inkwells, and lamp shades in carloads are not specifically classified; in less than carloads they take rule 25 rates, the same as common glassware.

The rates in issue, as well as the rates from competing districts, appear to be made on a distance basis entirely. No difference in the character of traffic conditions is urged in defense, and the case seems to rest solely on a comparison of rates and distances.

In *Central West Virginia Glass Mfrs. Assn. v. B. & O. R. R. Co.*, 32 I. C. C., 218, the Commission considered the window glass rates from the Clarksburg district, and in that case the defendants were required to apply from the said district westbound the same rates as were applicable from the Pittsburgh district, where the distances to the given destination points are substantially the same. It will be noted from the above table that the rates on window glass from Pittsburgh and from Clarksburg are now practically on a parity where the distances are substantially similar. The readjustment made pursuant to our findings in the cited case places Morgantown at a disadvantage with respect to both its competitors on the south at Clarksburg and its competitors on the north in the Pittsburgh district.

While the cited case dealt solely with the rates on window glass, there is no reason made to appear in the record before us why, in considering the relation of the rates on the other articles of glass herein concerned, any other than the adjustment employed in the cited case with respect to window glass should be followed here.

From the above table it appears, when taking the defendants' distances as a basis, that there is not a substantial difference, considering the length of haul in the respective instances, in the distances to

the destination points here involved, except to Youngstown, Buffalo, and Cleveland. To these points, where the haul is shorter, the difference in distance is more of a factor. In considering the relative distances shown in the table, the groupings which have produced the distance figures used have been kept in mind.

From a consideration of all the facts and circumstances, the Commission is of opinion that the rates in issue from Morgantown, W. Va., to Chicago, Cincinnati, Columbus, Detroit, Indianapolis, Louisville, Minneapolis, St. Paul, and St. Louis are, and for the future will be, unjustly discriminatory against Morgantown, and the defendants for the future will be required to apply rates to said points from Morgantown which shall not exceed the rates contemporaneously in effect from either the Clarksburg district or the Pittsburgh district. To Youngstown, Buffalo, and Cleveland the present differentials existing between Morgantown and Pittsburgh and between Morgantown and Clarksburg in the different class rates ordinarily applicable to the respective glass articles herein concerned shall not be exceeded in making any readjustment hereunder of the carload and less-than-carload rates to these points from Morgantown.

It does not appear from the proof in this record that the complainants have been damaged by reason of the rates attacked. Claim for reparation is denied.

An order will be entered in accordance with the views expressed herein.

COMMISSIONER HARLAN took no part in the decision of this case.

85 I. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 571.
RATES ON GRAIN MILLED IN TRANSIT AT LAWRENCE-
BURG, IND., AND OTHER POINTS.

Submitted April 13, 1915. Decided July 6, 1915.

Proposed increased rates from East St. Louis, Ill., applicable via Louisville, Ky., and Cincinnati, Ohio, to points in southeastern or Carolina territories, on grain milled in transit at points between East St. Louis and Cincinnati, found not to have been justified.

Edward Barton, O. S. Lewis, and W. C. McLaughlin for Baltimore & Ohio Southwestern Railroad Company.

Frank Hutchinson and G. H. Lewis for Lawrenceburg Roller Mills Company.

G. M. Freer for Cincinnati Chamber of Commerce.

J. H. Holtman for Blish Milling Company.

W. O. Bartholomew for Southern Illinois Millers Association.

REPORT OF THE COMMISSION.

McCHORD, Chairman:

This investigation was instituted for the purpose of determining the reasonableness and propriety of certain provisions in Baltimore & Ohio Southwestern Railroad I. C. C. No. 7164, the effect of which would be to increase the rates from East St. Louis through Louisville or Cincinnati to points in southeastern and Carolina territories on grain milled in transit at points on its line between East St. Louis and Cincinnati. Upon protest by the Lawrenceburg Roller Mills Company, of Lawrenceburg, Ind., the tariff referred to, originally published to become effective December 23, 1914, was suspended to April 12, 1915, and later resuspended to October 22, 1915. The Southern Illinois Millers Association, the Cincinnati Chamber of Commerce, and the Blish Milling Company, of Seymour, Ind., also appeared at the hearing in opposition to the proposed tariff.

Under tariffs now in effect respondent allows grain from East St. Louis and points west thereof to be milled in transit at points on its line between East St. Louis and Cincinnati and the product to be forwarded via Louisville or Cincinnati to points in southeastern and Carolina territories on the basis of the through rates plus one-half cent transit charge. In lieu of this arrangement it is proposed to establish a proportional rate of 6½ cents from East St. Louis to Louisville or Cincinnati on which milling in transit will be permitted

at intermediate points on traffic destined to the above territories. The combination of this rate and the so-called "shrinkage rates" south of Louisville or Cincinnati will result in aggregate rates uniformly 2 cents greater than the present through rates from East St. Louis, or $1\frac{1}{2}$ cents greater than the available combination rates from Missouri River points on grain milled in transit at what are known as west-end milling stations on respondent's line near East St. Louis.

The rates on grain and grain products from East St. Louis to points in southeastern and Carolina territories are made on the basis of a fixed arbitrary of 2 cents over the local rates from Cairo or Evansville, which in turn are made 4 cents over the rates from Memphis. For example, the rate to Atlanta, a representative destination point, is 20 cents from Memphis, 24 cents from Cairo or Evansville, and 26 cents from East St. Louis. The rates from East St. Louis to the southeast are made and controlled by the lines running through Cairo and Evansville. The rates from Illinois points to Louisville or Cincinnati are 2 cents greater than the rates to Cairo or Evansville; consequently, in order to participate in this traffic to the southeast, the lines from Louisville and Cincinnati published proportional or "shrinkage" rates 2 cents lower than the local rates from Cairo or Evansville. Formerly these proportional rates applied only on grain originating in Illinois and territory west of the Mississippi River consigned through to the southeast, but since the decision in *Indianapolis Freight Bureau v. C., C. & St. L. Ry. Co.*, 26 I. C. C., 53, they have been applied on such grain milled in transit at Cincinnati, Louisville, and points in Indiana.

The through rates from East St. Louis to the southeast, although constructed on Cairo and Evansville, apply via Louisville or Cincinnati in connection with respondent's line to these crossings. In the division of these through rates the lines south of Louisville and Cincinnati insist upon and receive their full proportional or shrinkage rates, leaving respondent a division of 4 cents for the hauls of 312 and 336 miles from East St. Louis to Louisville and Cincinnati, respectively. On grain milled at points intermediate between East St. Louis and these Ohio River crossings one-half cent is charged to cover the extra cost of switching and other services incident to the milling in transit, making respondent's total earnings on such traffic $4\frac{1}{2}$ cents per 100 pounds. By the proposed tariff respondent simply provides that its net earnings on this traffic (except on grain from Missouri River points milled at west-end milling stations) shall be $6\frac{1}{2}$ cents. On grain from Missouri River points milled at west-end milling stations, viz, stations adjacent to and east of East St. Louis taking East St. Louis rates on traffic from Missouri River points,

Missouri River-Illinois Wheat and Flour Rates, 27 I. C. C., 286, respondent proposes to make its net earnings 6 cents, arrived at by adding 2 cents, its division of the proportional wheat rate of 9 cents from the Missouri River to the west-end milling stations, to a proposed net rate of 4 cents on grain products from the west-end milling stations to Louisville or Cincinnati. As these west-end milling stations are virtually "rate-breaking points" on traffic from Missouri River points, respondent was not in position to add the usual one-half cent for milling, hence the difference in the proposed bases between these points and other points on respondent's line with respect to Missouri River grain.

It is contended on behalf of respondent that the earnings which it derives from the present division of 4 cents, plus the one-half cent for milling in transit, are too low, and that the proposed basis of 6½ cents will be just and reasonable. The ton-mile earnings from 4½ cents are 2.89 mills when the product is routed via Louisville, and 2.68 mills when routed via Cincinnati. The ton-mile earnings on the proposed basis of 6½ cents would be 4.17 and 3.87 mills, respectively. These earnings, both present and proposed, are concededly low.

It is further pointed out that the present basis has only been in effect since August 15, 1913. Prior to this date the aggregate rate from East St. Louis to Atlanta on grain milled at west-end milling stations was 28½ cents, arrived at by adding the milling-in-transit charge of one-half cent, the rate of 6 cents to Louisville, and the then proportional rate of 22 cents on grain products from Louisville to Atlanta. On grain milled at Lawrenceburg the aggregate rate was 28 cents, made by adding the rate of 4 cents from East St. Louis to Lawrenceburg and the through grain products rate of 24 cents from Lawrenceburg (same as Cincinnati) to Atlanta. On grain milled at west-end milling stations respondent formerly earned 6½ cents; on that milled at Lawrenceburg, 7 cents, the East St. Louis-Lawrenceburg rate of 4 cents, plus 3 cents, its Lawrenceburg-Cincinnati division of the Lawrenceburg-Atlanta products rate. It is therefore seen that from the standpoint of the aggregate rates charged the proposed basis is the same as that formerly in effect on grain milled at Lawrenceburg and one-half cent lower than that formerly in effect on grain milled at west-end milling stations.

The only witness for respondent admitted that its inability to secure a better basis of divisions with the lines south of Louisville or Cincinnati was the primary reason for withdrawing the milling in transit on the through rates. He expressed the opinion that the insistence of the southern lines on their full proportional rate for that part of the through movement south of the above Ohio River crossings was not reasonable, and that he had endeavored in the past to secure

a greater division. He further testified that, if the lines south of the Ohio River would agree to a fair basis of divisions, his line would be willing to continue milling in transit on the present basis. It is interesting to note in this connection that, under the arrangement in effect prior to August 15, 1913, the lines south of Cincinnati accepted 3 cents less than their local rate to Atlanta, for example, on grain products shipped from Lawrenceburg, whereas on the present and proposed bases, which were evolved by respondent, the southern lines secure 2 cents less than their local rate. As this basis of divisions is still in effect on that particular traffic, respondent is allowing its southern connections 1 cent more than appears to be necessary. It may also be noted that there are three lines, Cincinnati, New Orleans & Texas Pacific, Norfolk & Western, and Chesapeake & Ohio, from Cincinnati to southeastern and Carolina territories that have no rails and no control over the rates from East St. Louis to those territories, and are therefore just as anxious as respondent to keep open the Cincinnati gateway on that traffic.

The proposed tariff does not cancel the application of the through rates on grain or grain products via Louisville or Cincinnati, and it is not respondent's intention to cancel them. Its earnings on this traffic are still 4 cents per 100 pounds, out of which inbound switching charges at Louisville or Cincinnati are absorbed provided its net revenue is \$10 per car. Grain products to the southeast load from 30,000 to 40,000 pounds to the car, whereas grain loads from 60,000 to 80,000 pounds, consequently the car-mile earnings on grain products from East St. Louis are considerably less than on grain milled in transit at Lawrenceburg. It necessarily follows that from 50 to 100 per cent more cars are required to move the products than the grain to Lawrenceburg.

The primary reason why respondent desires to continue the through grain rates is to keep open the Cincinnati gateway. To quote the words of its only witness:

In order to permit the Cincinnati grain men to freely move grain in over our line, it is necessary to keep open the southeastern territory so that they make take advantage of that market when occasion offers.

When the St. Louis and East St. Louis grain moves to Cincinnati its ultimate destination is not known; it goes into an elevator and is held under transit regulations, i. e., is given transit on the basis of the through rate to all eastern and southern territories. That this transit is used by the Cincinnati grain interests is evident from the fact that out of 10,172,340 pounds of grain transported by respondent from St. Louis to Cincinnati during the year 1914, 1,921,020 pounds, or 18.9 per cent, were later reshipped to Carolina and southeastern territories.

There are three mills at Cincinnati, and according to the tariffs grain may be milled in transit at that point and the product shipped out on the balance of the through rates from East St. Louis to the southeast. There are mills at points south of the Kentucky-Tennessee state line on the rails of respondent's connections, and grain reshipped from Cincinnati may be milled in transit at those points and the product shipped out on the balance of the through rates from East St. Louis to the southeast without the addition of any transit charge.

On behalf of protestants it was explained that the southeast demands soft wheat flour and that, as St. Louis is the only soft wheat market with through rates to that territory, most of the wheat used to make the flour for that trade comes, and of necessity must come, from the St. Louis market. While some wheat is purchased in nearby territory, it is essential to a uniform grade of flour to blend wheat from different territories.

The mill at Lawrenceburg is just beginning to work up trade to the southeast, and the other protestants, the so-called west-end mills, do an extensive business in that territory. The chief competition of protestants comes from the St. Louis mills, who are now and will be, under the proposed tariff, able to ship their products on the basis of the through rates even via Louisville and Cincinnati. If the proposed tariff becomes effective, protestants will be at a disadvantage of 5 cents per barrel as compared with their St. Louis competitors. This disadvantage, it is said, will materially handicap them, as their average profit on flour is said to be only 10 cents per barrel and on corn meal 5 cents and less per barrel.

A violation of the fourth section will result if the proposed tariff is allowed to become effective. Grain from East St. Louis, milled in transit at Lawrenceburg and the product shipped back through Louisville to Atlanta, will be charged a total of 28½ cents, whereas grain from the same market milled in transit at Cincinnati and the product shipped back through Lawrenceburg and Louisville to the same destination will be charged 26½ cents.

Upon consideration of all the facts of record in this case, it is the finding and conclusion of the Commission that respondent has not justified the proposed tariff. Without passing upon the reasonableness of the rate or division of 6½ cents from East St. Louis to Louisville or Cincinnati, it is sufficient to say that the proposed tariff will effect an unjust discrimination against protestants in favor of competitors at St. Louis, Louisville, Cincinnati, and also at points south of the Kentucky-Tennessee state line on the lines of respondent's connections, and on that account should not be allowed to become effective. Respondent's line from East St. Louis to Louisville and Cincinnati and lines south of these Ohio River crossings have formed

through routes and published joint through rates from East St. Louis to points in southeastern and Carolina territories, and so long as these lines allow transit on the basis of the through rates at some points on these through routes they may properly be required to accord transit on the same basis at other milling points on these through routes. It is no answer to this proposition for respondent to say that, as an East St. Louis-Cincinnati line, it has no control over what the Louisville & Nashville, as a Cincinnati-southeastern territory line, permits in the way of transit at Atlanta, for example. By forming through routes and publishing through rates applicable thereto both of these carriers have merged their lines into one route or line so far as the particular traffic covered by these through rates is concerned. As a single through route or line, they can not withhold from some points on that route valuable services which they voluntarily perform at other points on that route.

An order requiring the cancellation of the proposed tariff will be entered.

25 I. C. C.

No. 7354.

MILWAUKEE PRODUCE & FRUIT EXCHANGE

v.

CHICAGO & NORTH WESTERN RAILWAY COMPANY ET AL.

Submitted May 15, 1915. Decided July 7, 1915.

Track-storage charges maintained by defendants at Milwaukee, Wis., from August 1, 1913, to January 2, 1914, not shown to have been unreasonable or unjustly discriminatory. Complaint dismissed.

T. H. Gill for complainants.

C. C. Wright and *R. H. Widdicombe* for Chicago & North Western Railway Company.

A. H. Lossow and *J. O. Klapp* for Minneapolis, St. Paul & Sault Ste. Marie Railway Company.

O. W. Dynes and *J. N. Davis* for Chicago, Milwaukee & St. Paul Railway Company.

REPORT OF THE COMMISSION.

CLARK, *Commissioner*:

Complainant, a corporation organized by dealers in fruits and vegetables at Milwaukee, Wis., alleges that defendants' track-storage charges in effect from August 1, 1913, to January 2, 1914, were unreasonable and unjustly discriminatory. Reparation in behalf of certain members of the complaining corporation, named in an exhibit attached to the complaint, who have paid the charges complained of, and waiver of certain unpaid charges, are asked.

The charges of which complaint is made were published in a western trunk line tariff for the Chicago, Milwaukee & St. Paul and the Minneapolis, St. Paul & Sault Ste. Marie railways and in an individual issue of the Chicago & North Western Railway. They were canceled December 31, 1913, and January 2, 1914, and no such charges are now in effect at Milwaukee. Defendants assert that the items referred to were canceled, except with respect to Chicago, Ill., Des Moines, Iowa, and Kansas City, Mo., because they were applicable to all points in western trunk line territory without regard to whether or not conditions at various terminals rendered them proper and necessary. It is defendants' intention to establish by new tariffs track-storage charges at Milwaukee and at other points where conditions justify their maintenance.

The tariffs provided charges for track storage of freight on team tracks at the rate of \$1 per car per day or fraction thereof for the first two days following the expiration of the free time and \$2 per day or fraction thereof for succeeding days. The track-storage charges were in addition to regular demurrage charges and were not applicable in cases where demurrage charges were not applicable under similar circumstances, except that there was no provision for abatement of track-storage charges when cars were "bunched" through fault of the carrier. There is no allegation that the cars as to which reparation is here asked were bunched.

Complainant points out that the Chicago & North Western tariff originally made the charges applicable on all tracks other than private or industrial tracks, and when cars were held for "loading, unloading, inspection, reconsignment, or switching orders." We need not discuss this provision for the reason that it was corrected and because the charges here involved accrued only on cars held on team tracks.

During the time the charges were in effect numerous refrigerator cars loaded with fruits and vegetables were received by members of the complainant corporation on team tracks of the Chicago & North Western and the Chicago, Milwaukee & St. Paul. The Minneapolis, St. Paul & Sault Ste. Marie uses the terminals of the Chicago, Milwaukee & St. Paul in Milwaukee. The cars were not unloaded within the free time, and demurrage charges, as well as track-storage charges, were assessed thereon. No complaint is made of the demurrage charges.

As the business is conducted in Milwaukee, where cars are placed on team tracks, consignees unload fruit as the local market demands. If necessary, potatoes and other vegetables are sorted in the cars and made ready for sale. It is conceded by counsel for complainant, and the evidence clearly shows, that during the period in question, complainant's members used the cars consigned to them and placed on team tracks as warehouses or storage houses for longer or shorter periods, dependent upon the condition of the shipments and the requirements of the market. In other words, products were kept in the cars until the contents were disposed of from day to day. It is necessary to keep fruits, such as pears, peaches, and plums, under refrigeration until sold. The length of time required to completely unload a car depended upon the ability of the local market to absorb the fruit. Cars were frequently held partially loaded on team tracks from 10 to 12 days, and even longer. An instance is cited in which a car was held on a team track for from 90 to 100 days.

Defendants assert that the track-storage charges were established because of excessive delays in unloading cars on team tracks, and the

consequent holding from service of refrigerator equipment. The greatest detention in Milwaukee was caused by members of the complaining association.

Carriers are entitled to have their equipment released and their tracks relieved within a reasonable time, and in a proper case they are justified in imposing charges which will accomplish or further those purposes. *Wilson Produce Co. v. P. R. R. Co.*, 14 I. C. C., 170; *N. Y. Hay Exchange Asso. v. P. R. R. Co.*, 14 I. C. C., 178; *Murphy Bros. v. N. Y. C. & H. R. R. R. Co.*, 33 I. C. C., 355.

We have here no controversy as to the future. The sole question is, Are complainant's members entitled to reparation? They admit that they used defendants' cars for storage purposes and thus detained them beyond the free time. They assert the right to do this in view of the fact that market and other conditions in Milwaukee are such that it is impracticable to unload cars more promptly. A consignee of freight has no legal right to use a car as a warehouse or storage plant. Defendants were within their rights when they imposed team-track storage charges in Milwaukee. It can make no difference that the carriers have temporarily withdrawn the charges for the purpose of refiling them in a different form. The principle is not affected by the fact that the tariffs prescribing the charges at Milwaukee may have been objectionable for other reasons. Complainant contends that the tariffs were discriminatory in that they did not include private and industry tracks. No unjust discrimination has, however, been shown. Storage charges should properly apply to the yard or tracks where the evil sought to be remedied exists, and not elsewhere. Track-storage charges are but additional demurrage charges, made necessary by conditions which may exist at a particular yard or yards in a city.

Complainant further contends that the tariff of the Chicago & North Western applicable at Chicago contained provisions that were discriminatory. The charges applied at Chicago within a limited zone, and complainant asserts that cars were held outside the zone without charge until consignee ordered them placed on team track. We do not find, however, that there was discrimination within the meaning of the act, for the reason that it does not appear that complainant's members asked or desired that cars should be held awaiting orders for delivery on team tracks.

We are of opinion, and find, that under the circumstances shown the defendants were within their rights when they imposed team-track storage charges in Milwaukee. We can not find from anything appearing in the record that the charges they did impose were unreasonable.

It follows that the complaint must be dismissed, and it will be so ordered.

INVESTIGATION AND SUSPENSION DOCKET No. 588.
SOUTHERN COMMUTATION FARES.

Submitted May 17, 1915. Decided July 8, 1915.

Cancellation of certain interstate commutation fares by the Illinois Central Railroad and the Yazoo & Mississippi Valley Railroad found to be justified.

C. J. Rizzy, jr., for respondents.

No appearance for protestants.

REPORT OF THE COMMISSION.

McCHORD, *Chairman*:

This proceeding resulted from the filing of tariffs by the Illinois Central Railroad and the Yazoo & Mississippi Valley Railroad, in which they propose to cancel certain commutation fares between points on their lines. The operation of these tariffs, which were filed to become effective February 1, 1915, has been suspended by appropriate orders until December 1, 1915. A number of protests against the proposed cancellation were filed with the Commission, but it later developed that the protestants were chiefly interested in certain commutation fares between Louisville, Ky., and other points in that state. Upon the discovery that the fares in which the protestants were interested were not within the jurisdiction of this Commission, and because the intrastate tariffs under attack were voluntarily withdrawn by the carriers, a number of the protests were withdrawn. The protestants were not represented at the hearing.

The respondents' evidence shows that for a number of years they have published in their tariffs commutation fares upon a mileage basis, applicable generally upon any parts of their lines south of the Ohio River. For example, between any points, not over 75 miles apart, in Alabama, Kentucky, Louisiana, Mississippi, and Tennessee, except New Orleans, La., 30-ride family tickets, good for one year, are now sold for 20 times the first-class limited one-way fare, minimum \$3. Individual tickets for 54 rides, limited to the calendar month, are also sold at present on a mileage basis, which varies from 6.7 mills per mile to 2 cents per mile. Ten-ride family tickets, good for three months, are now sold between New Orleans and stations on the Illinois Central to and including Summit, Miss., and stations on the Yazoo & Mississippi Valley Railroad to and including Baton Rouge, La. The rates vary from 2 cents to 2½ cents per mile. It is

proposed to withdraw these tickets from sale almost entirely, and their withdrawal will result in material increases in the fares.

The respondents state that the tickets in question were rarely used. Exhibits have been filed which show the actual number of tickets of each kind which were sold on respondents' lines during the months of January, February, July, and August, 1914. During these four months, which were chosen as typical, the Illinois Central Railroad sold for interstate transportation on its entire system only 2 of the 10-ride tickets, 24 of the 30-ride family tickets, and 69 of the 54-ride individual tickets. The Yazoo & Mississippi Valley Railroad during the same period sold no 10-ride tickets or 54-ride tickets, and only six 30-ride tickets.

The respondents show that it is not customary to publish commutation fares such as these, regardless of the volume of traffic, and that mileage books are sold especially for the accommodation of persons who travel frequently between points where traffic is not sufficiently heavy to warrant the publication of commutation fares. It is further shown that in practically all of the instances in this territory where the traffic is heavy enough to make the publication of commutation fares advisable, the journeys are intrastate and the respondents' evidence is that on their lines there is not an instance where commuters in appreciable numbers use these tickets for interstate trips. While these fares have also been withdrawn generally as to intrastate transportation they have been left in effect wherever a sufficient number of tickets has been sold to justify their continuance, and the respondents express of record their willingness to restore any of these fares as to interstate transportation if it can be shown that the traffic warrants it.

We are of opinion and find that the cancellation of the fares in question has been justified and the orders of suspension will be vacated.

No. 2420.
LOUISIANA CENTRAL LUMBER COMPANY ET AL.
v.
CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY
ET AL.

Submitted February 12, 1914. Decided July 7, 1915.

Findings in original report herein, 19 I. C. C., 333, made definite and certain and decision awarding reparation on shipments of yellow-pine lumber from points in Louisiana, Texas, Arkansas, and Missouri to points in Kansas, Nebraska, Colorado, and Wyoming affirmed.

J. S. Burchmore, L. M. Walter, and W. R. Thurmond for certain complainants.

R. B. Scott for Chicago, Burlington & Quincy Railroad Company and Union Pacific Railroad.

H. A. Scandrett, N. H. Loomis, and L. T. Wilcox for Union Pacific Railroad Company.

L. T. Wilcox for Louisiana Western Railroad Company, Morgan's Louisiana & Texas Railroad & Steamship Company, and Texas & New Orleans Railroad Company.

M. L. Clardy, H. G. Herbel, and F. G. Wright for Missouri Pacific Railway Company and St. Louis, Iron Mountain & Southern Railway Company.

S. H. West and E. A. Haid for St. Louis Southwestern Railway Company and St. Louis Southwestern Railway Company of Texas.

J. M. Souby for Kansas City Southern Railway Company.

W. T. Hughes for Chicago, Rock Island & Pacific Railway Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

The original complaint in this case attacked the rates on yellow-pine lumber and its products from producing territory in Louisiana, Texas, Arkansas, and Missouri to points in Nebraska, Kansas, Wyoming, and Colorado. For some years prior to December 10, 1908, defendants published joint rates equal to the combinations on Lincoln and Omaha, except to points in Kansas, Colorado, Wyoming, and western Nebraska, where the joint rates were lower than this combination. On various dates between December 10, 1908, and February 7, 1909, inclusive, the Chicago, Burlington & Quincy

Railroad, the Union Pacific Railroad, and the St. Joseph & Grand Island Railway withdrew their concurrence in the tariffs naming the joint rates, leaving the Omaha and Lincoln combinations in effect on traffic to points reached by their several lines. After the original complaint had been filed, April 28, 1909, the carriers defendant reestablished the joint rates previously in effect to Kansas, Colorado, and Wyoming points. Our original report, 19 I. C. C., 333, stated in part that—

In the case of *Commercial Club of Omaha v. A. & S. R. Ry. Co.*, 18 I. C. C., 532, the Commission has reestablished the rate of 25 cents to Omaha and Lincoln. This rate, in conjunction with the local rates from Omaha and Lincoln to Nebraska points, which have recently been lowered by an act of the Nebraska legislature, will doubtless secure to the complainants the rates which they desire to the greater part of the territory in controversy. There remains, however, an area in western Nebraska intermediate to points reached by the defendants' lines in Colorado and Wyoming, to which through rates, made up of the Omaha and Lincoln combination, will exceed the Colorado common-point and Cheyenne rates. In our judgment, the rate to Colorado common points should be observed as maximum to points in western Nebraska east of the Colorado line, while the Cheyenne rate should be observed as maximum to points on the line of the Union Pacific Railroad Company from Ralton to Smeed, Nebr., inclusive.

An order was entered requiring the defendants to establish rates for the transportation of yellow-pine lumber and its products in carloads from the various producing points named in the complaint to western Nebraska points reached by the Chicago, Burlington & Quincy Railroad and the Union Pacific Railroad. On the question of reparation we said that—

Reparation will be awarded on all shipments moving to points reached by the lines of the defendants in Kansas, Colorado, and Wyoming during the period while the higher rates were in effect. Reparation will also be awarded on all shipments moving to western Nebraska points, the rates to which are herein found to have been unreasonable. The case will be held open for further testimony as to the amount of reparation.

At subsequent hearings the Louisiana Central Lumber Company, the Louisiana Long Leaf Lumber Company, the Longville Lumber Company, the Rapides Lumber Company, the Globe Lumber Company, the Bowman-Hicks Lumber Company, and the Pickering Lumber Company, hereinafter called complainants, appeared and offered proof in support of their claims for reparation. None of the other complainants appeared and no evidence was offered to support their claims. Complainants sold their shipments delivered at destination; the freight charges were paid in the first instance by the consignee, but were charged back to complainants by deduction from complainants' invoices. These facts assimilate the case in its reparation features to *Commercial Club of Omaha v. A. & S. R. Ry. Co.*, 27 I. C. C., 302, in which reparation was awarded.

Complainants seek reparation on a number of shipments moved to points in interior and eastern Nebraska, to which the through rates were based on, or were equal to, the combinations of intermediate rates to and from Lincoln or Omaha, 26.5 cents per 100 pounds to Lincoln or Omaha plus the local rates beyond. No definite finding was made in our original report that the rates charged to these points were unreasonable. In *Commercial Club of Omaha v. A. & S. R. Ry. Co.*, 18 I. C. C., 532, we found that the rate of 26.5 cents per 100 pounds from producing points in Arkansas, Louisiana, and Texas to Lincoln and Omaha was unreasonable to the extent that it exceeded 25 cents per 100 pounds and awarded reparation.

Upon the facts disclosed we find that the through rates to interior and eastern Nebraska destinations based on Lincoln or Omaha, here involved, were unreasonable to the extent that they exceeded rates composed of a rate of 25 cents per 100 pounds to Lincoln or Omaha plus the rates concurrently in effect beyond on interstate traffic.

Defendants contend that we are without jurisdiction to award reparation in this case, because the complaint was insufficient to toll the statute of limitations and because the claims for reparation were not proved within two years after the shipments were delivered. The contention is without merit. The complaint set forth in detail the points of origin and destination involved, the rates charged, and the rates previously in effect which were alleged to be reasonable. It concluded with the following prayer for reparation:

That defendants be commanded to cease charging said unjust and unreasonable rates and that they be required to make reparation to these complainants for all sums collected by these defendants in excess of the sums they would have had to pay upon said shipments at the old through rates on all shipments made by these complainants since said cancellations were made. * * *

Following *Michigan Hardwood Mfrs. Asso. v. Transcontinental Freight Bureau*, 27 I. C. C., 32, and *Mountain Ice Co. v. D., L. & W. R. R. Co.*, 21 I. C. C., 45, we find that the claims are not barred.

The joint rates in effect previous to the movement of the shipments involved applied, and the subsequently established joint rates apply, by way of Kansas City and junction points in Kansas. During the period of movement involved the combination rates on Lincoln or Omaha were lower in many instances than the combinations based on Kansas City or other junction points in Kansas. A number of the shipments involved were routed by complainants for delivery to the Union Pacific and Chicago, Burlington & Quincy railroads at Lincoln or Omaha. The rates charged were composed of a rate of 26½ cents to Lincoln or Omaha plus the local rates beyond. Complainants seek reparation on these shipments on the basis of the joint rates in effect by way of Kansas City or junctions in Kansas

prior and subsequently to the shipments. No evidence was offered to show that the rates charged were unreasonable to the extent that they exceeded the joint rates through other junctions. We find, however, on the basis of the 25-cent rate prescribed in *Commercial Club of Omaha v. A. & S. R. Ry. Co.*, *supra*, for like shipments from producing points in Arkansas, Louisiana, and Texas to Lincoln and Omaha that the rates charged on shipments moved through Lincoln or Omaha were unreasonable to the extent that they exceeded rates composed of a rate of 25 cents to Lincoln or Omaha and the rates concurrently in effect beyond, on interstate traffic. Defendants urge that complainants had a proprietary interest in tap lines which participated in the rates condemned, which disentitles them to reparation, but the decision of the Supreme Court in the *Tap Line cases*, 234 U. S., 1, vitiates this contention.

Upon all the facts of record we find that complainants, Louisiana Central Lumber Company, Louisiana Long Leaf Lumber Company, Longville Lumber Company, Rapides Lumber Company, Globe Lumber Company, Bowman-Hicks Lumber Company, and Pickering Lumber Company, are entitled to reparation as definitely set forth in our original report, and on all shipments which moved to eastern and interior Nebraska points through Lincoln or Omaha on the basis set forth in this report. Reparation is denied to the other complainants of record not specifically named above. We further find that complainants named made shipments as described and paid charges thereon, but as the record does not enable us to determine the exact amount of reparation due no order for reparation can be entered at this time. These complainants therefore should prepare a statement showing as to each of the shipments on which reparation is claimed the date of movement, point of origin, point of destination, route, weight, car number and initials, rate applied, charges collected, and the amount of reparation due under our findings herein, which statement should be submitted to defendants for verification. Upon receipt of a statement so prepared by complainants and verified by defendants, we will consider further issuing an order awarding reparation.

No. 6830.
COLUMBIA GOLD MINING COMPANY
v.
OREGON-WASHINGTON RAILROAD & NAVIGATION COM-
PANY ET AL.

Submitted February 1, 1915. Decided July 3, 1915.

Cancellation by Oregon-Washington Railroad & Navigation Company of a joint rate on ore and concentrates in carloads from Baker, Oreg., through Portland, Oreg., to Tacoma, Northern Pacific Railway from Portland, leaving applicable a combination rate based on Portland higher than the rate canceled and also higher than the rate applicable on the Oregon-Washington Railroad & Navigation Company's through line found to have been justified. Complaint dismissed.

F. H. McCune for complainant.

A. C. Spencer, H. A. Scandrett, and A. W. Hawkins for Oregon-Washington Railroad & Navigation Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in the mining business at Sumpter, Oreg. By complaint, filed April 18, 1914, it alleges that defendants' rate for the transportation of ore and concentrates in carloads from Baker, Oreg., to Tacoma, Wash., is unreasonable.

Complainant's ore and concentrates are transported from its mine to Sumpter by wagon and thence by the Sumpter Valley Railroad, a narrow-gauge line, 28 miles to Baker, on the Oregon-Washington Railroad & Navigation Company's line, where the shipments are reloaded into broad-gauge cars and reshipped over the Oregon-Washington Railroad & Navigation Company's line to Tacoma. As the rate to Baker is not involved, the shipments in controversy may be considered to originate at Baker.

Prior to 1910 the Oregon Railroad & Navigation Company, the predecessor of the Oregon-Washington Railroad & Navigation Company, hereinafter called the Oregon-Washington Company, did not operate between Portland, Oreg., and Tacoma, and for a period of 13 or 14 years previous to 1910 maintained a joint rate of \$5.50 per net ton on carload shipments of ore and concentrates from Baker to Tacoma in connection with the Northern Pacific Railway beyond

Portland. Prior to July 6, 1909, this rate applied on ore and concentrates worth not more than \$100 per ton. In 1910 the Oregon-Washington Company extended its operations by trackage arrangements with the Northern Pacific from Portland to Tacoma and established the same rate from Baker to Tacoma over its own line as applied in connection with the Northern Pacific. The plant of complainant's consignee at Tacoma is located on the tracks of the Northern Pacific, but under a proper tariff provision the Oregon-Washington Company absorbed the switching charges so that the cost of transportation paid by complainant was exactly the same over either route. On April 4, 1914, the Oregon-Washington Company canceled the joint rate described with provision for the application of the combination rate based on Portland, \$9 per ton, value not exceeding \$200 per ton. The \$5.50 rate over its own line and the provision described for the absorption of switching charges at Tacoma were continued and are still in effect. The cancellation of the joint rate represents an increase in the rate involved subsequently to January 1, 1910. The principal issue is whether the joint rate should be restored.

Complainant admits that the service of the Oregon-Washington Company over its direct line has been entirely satisfactory, and it appears that during the time that the same rate applied over both routes involved few cars moved over the Northern Pacific route. No shipments have been made over the Northern Pacific route under the combination rate involved. So far as the record discloses the present arrangement has not resulted in any hardship or detriment to complainant and will not. There is no general demand for a through route in addition to the Oregon-Washington Company's route. Complainant argues earnestly that it has been deprived of its right to select the route over which its shipments shall move, but unconvincingly. The Northern Pacific route is still available to complainant upon payment of the higher rate applicable over it. The Oregon-Washington Company has merely endeavored to secure for itself the longest haul possible. Originating lines generally are entitled to the longest haul they can perform where the transportation can be performed upon equal terms, with reasonable dispatch, and without undue discrimination. *Salt Rates from Wisconsin to Iowa, etc.*, 27 I. C. C., 526, 529; *Suffern Grain Co. v. I. C. R. R. Co.*, 27 I. C. C., 192, 194.

Complainant apprehends that some future change may require it to pay the terminal switching charge at Tacoma in addition to the present through rate, contending that the absorption of switching charges, although plainly provided for by tariff, is in direct contra-

35 I. C. C.

vention of law. Section 6 of the act to regulate commerce provides that carriers' tariffs shall—

* * * state separately all terminal charges * * * and all other charges which the Commission may require, all privileges or facilities granted or allowed, and any rules or regulations which in any wise change, affect, or determine any part or the aggregate of such aforesaid rates, fares, and charges, or the value of the service rendered to the passenger, shipper, or consignee. * * *

The Commission may determine and prescribe the form in which the schedules required by this section to be kept open to public inspection shall be prepared and arranged and may change the form from time to time as shall be found expedient.

Pursuant to the authority conferred by this section we have provided by rule 10 E of Tariff Circular 18-A that—

If part or all of the charges of a terminal or switching road are to be absorbed by a connecting road, the tariff of such connecting road must specify that its rate includes originating or delivery services by the terminal or switching road, and that the connecting road will absorb the charges of such terminal or switching road in a specified sum, or as per the current tariffs of the terminal or switching road (naming it) as on file with the Interstate Commerce Commission.

This rule has been followed by defendants in publishing the tariff under which the Northern Pacific's switching charges at Tacoma are absorbed by the Oregon-Washington Company.

Upon all of the facts of record we find that it was not unlawful for the Oregon-Washington Company to cancel the joint rate involved and that defendants have justified the increased rate assailed. An order dismissing the complaint will be entered.

25 I. C. C.

No. 7610.
PICHER LEAD COMPANY
v.
ST. LOUIS & SAN FRANCISCO RAILROAD COMPANY.

Submitted June 5, 1915. Decided July 9, 1915.

Upon complaint alleging that the accrual of 615 days' debits in excess of credits, under an average demurrage agreement, during a certain period resulted from defendant's failure to construct a 60-foot extension to complainant's unloading track; *Held*, That the demurrage charges were properly assessed. Complaint dismissed.

A. E. Spencer for complainant.
Carl Giessow for defendant.

REPORT OF THE COMMISSION.

CLEMENTS, Commissioner:

The complainant is a corporation engaged in the production and sale of lead and its products, with principal office at Joplin, Mo. By complaint, filed December 22, 1914, it alleges that demurrage charges in the sum of \$615 on certain carloads of coke were unlawfully assessed, and reparation is asked in that sum. The claim was informally presented to the Commission August 10, 1914, and is not contested by the defendant.

In December, 1912, the complainant, finding that the tracks connecting its plant with the defendant's main line were inadequate for the proper receipt and unloading of coke, which commodity the complainant uses in large quantities, made application to the defendant for the construction of a 60-foot extension to one of complainant's unloading tracks. The defendant agreed, rather informally, to promptly make the extension, but although the physical work involved could have been completed in three or four days, the track was not actually completed for more than a year. The complainant operates under an average demurrage agreement with the defendant, and states that the excess of debits over credits which accrued during the period in question would not have resulted had the extension been promptly built.

There are five spur tracks running into complainant's plant, averaging from 100 to 150 yards in length. Parts of four of these spurs can be used in placing cars for unloading. On one of them there was room for two cars, on another six, on another four, and

on still another six. The spur to which the extension was to be added is over 100 yards long, but only the end of it is used for unloading coke.

In the spring of 1913 the complainant, relying on the defendant's promise to extend the coke spur, placed orders for its yearly supply of coke, to be delivered in installments. It is stated that because of defendant's failure to make the extension promptly the shipments could not be expeditiously handled when they arrived and that the demurrage charges were due to the defendant's breach of contract. While in the complaint the delay in unloading is attributed only to defendant's failure to fulfill its alleged contract, there was also some evidence presented at the hearing to the effect that a small portion of the track was torn up when several cars were run off the end thereof, and that the complainant's inability to unload the cars promptly was due in part to that fact; but it is wholly insufficient to support a finding that detention of the cars involved was due to this. Furthermore, it does not clearly appear that the detention of cars resulting in accrual of the charges in question was unavoidable, for there were other points in complainant's yards where it was physically possible to unload coke cars, although they were used for other purposes.

The so-called contract for the track extension was of an informal character, and appears to have been only a promise to comply with complainant's request therefor. Even had it been a formal written contract, the question of alleged damages resulting from its nonfulfillment would be one for determination by the courts, and not by this Commission; therefore what is here said is not to be construed as implying that we would reach any different conclusion in this case if a formal contract had been entered into.

Upon consideration of all the evidence of record we are of opinion and find that the charges in question are not shown to have been improperly assessed. The complaint will be dismissed.

35 L. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 572.
LIGHTERAGE AND STORAGE REGULATIONS AT NEW
YORK, N. Y.

Submitted May 14, 1915. Decided July 7, 1915.

Rail carriers with lines entering New York from the west and from the north filed tariffs proposing to increase rates, or to reduce service performed under present rates, in connection with delivery and receipt of freight at the New York terminal; *Held:*

1. Proposed reduction of period of free storage on New Jersey shore from 10 to 5 days justified as to domestic inbound freight for delivery at New York.
2. Proposed increased charge of 1 cent per 100 pounds for each 10 days or fraction thereof for storage on New Jersey shore of freight for New York delivery after reduced free storage period justified.
3. Proposed increased charges for handling and storing heavy iron and steel articles, cooperage stock, and sawed stone justified.
4. Proposed charge of 3 cents per 100 pounds on less-than-carload lots of westbound freight lightered or floated with carload or more of lighterage free freight justified.
5. Proposed increased charges for staking, wiring, or cleating shipments of lumber, telegraph poles, etc., justified.
6. Proposed reduction of period of free storage on New Jersey shore from 10 to 5 days of domestic inbound freight destined for coastwise transshipment not justified.
7. Proposed reduction of period of free storage at railroad pier stations of domestic inbound freight from 3 to 2 days not justified.
8. Proposed reduction of period of free storage of export less-than-carload freight at railroad pier stations from 10 to 2 days not justified.
9. Proposed charge for loading to or unloading from lighters at other than station piers or vessels of the carriers not justified.
10. Proposed discontinuance of allowance to shippers or consignees for loading and unloading cars on floats not justified.
11. Proposed minimum charge of \$3 for each lot of westbound less-than-carload freight lightered or floated with carload or more of lighterage free freight not justified.
12. Proposed increased charges for lightering heavy articles not justified.
13. Proposed increase of minimum weight from 10,000 to 20,000 pounds for free lighterage of dressed poultry, butter, cheese, and eggs not justified.
14. Proposed increased charges for towing freight to certain points outside of free lighterage limits not justified..
15. As to proposed increased rates in support of which no testimony was offered the respondents have not sustained the burden of proof imposed upon them by law, and such increased rates are not justified.
16. Where a terminal service has heretofore been treated by the carriers as a part of the transportation service covered by the freight rate and regularly performed by them they may not now segregate that service and assign to it a separate charge without taking into consideration, in order to justify such charge, the entire through service of which it forms a part and the compensation heretofore received for such through service.

17. The tariffs under suspension, in addition to other defects, are ambiguous. They must be canceled. Recommended that opportunity be taken by respondents to review all regulations affecting terminal service at New York, whether involved in this proceeding or not, and that respondents cooperate in harmonizing and clarifying such regulations.

R. W. Barrett, Ernest S. Ballard, Douglas Swift, and Jackson E. Reynolds for respondents.

James C. Lincoln for Merchants Association of New York and Commerce Club of Toledo.

H. G. Wilson for Commerce Club of Toledo.

R. D. Rynder and A. C. Owen for Swift & Company.

Charles J. Austin for New York Produce Exchange.

G. W. Darling for New York Manufacturers and Business Men's Association.

Frank J. Polk, Josiah A. Stover, and Kerner Easton for the city of New York.

Breed, Abbott & Morgan and W. J. Quinn for New York Wholesale Grocers Association.

Norman B. Beecher and George R. Allen for Fruit Dispatch Company.

George A. Just for George A. Just & Company and others.

W. T. Chisholm for Independent Salt Company.

W. S. Phippen for National Wholesale Lumber Dealers Association.

Olcott, Schwarzschild & Bishop for Sulzberger & Sons Company.

Charles S. Belsterling for Carnegie Steel Company.

C. R. MacCarey for Milliken Brothers, Incorporated.

S. J. Treat for New York Lumber Trade Association.

C. A. Richards for American Manufacturers Export Association.

R. S. French for National League of Commission Merchants of the United States.

Frank E. Williamson for Buffalo Chamber of Commerce.

S. D. Rice for Syracuse Chamber of Commerce.

James P. Collins for Chicago Association of Commerce.

George C. Wilson for Jones & Laughlin Steel Company.

Herbert S. Newham for Shipley Construction & Supply Company.

Harold L. Gulick for National Machine Tool Builders Association of America.

Joseph H. Lane for Worcester Chamber of Commerce.

John H. Hunter for H. M. St. John & Company.

C. J. Warren for H. W. Johns-Manville Company.

Hugh Miller for Robert Gair Company.

John A. C. Jansen for E. Klipstein & Company.

R. P. Buchanan for Proctor & Gamble Distributing Company.

C. J. Tagliabue for C. J. Tagliabue Manufacturing Company.

J. G. Hardmeyer for H. G. Craig & Company.

Herbert Sheridan for Baltimore Chamber of Commerce.

N. B. Kelly for Freight Commission, Philadelphia Chamber of Commerce.

F. H. Price for Millers National Federation.

D. F. Howard for Cleveland Chamber of Commerce.

A. R. Kennedy for Pittsburgh Chamber of Commerce.

George F. Hichborn for United States Rubber Company and Rubber Goods Manufacturing Company.

Robert H. Forbes for Elizabeth, N. J., Board of Trade and others.

Kerner Easton for Austin Baldwin & Company, Lunham & Moore, and Caldwell & Company.

REPORT OF THE COMMISSION.

MEYER, Commissioner:

The railway companies operating lines which enter New York City from the west and from the north filed tariffs, to become effective January 1, 1915, which proposed changes in their regulations governing charges and service in connection with the delivery and receipt of freight at that terminal. The effect of practically all of these proposed changes would be to increase the charge for the service rendered, either by a direct increase in the rate or by the discontinuance or reduction of service rendered for the rate now in force. Upon protest by numerous individual shippers and shippers' organizations the operation of the proposed tariffs was suspended until May 1, 1915, and by a later order until November 1, 1915.

The physical characteristics of the site of the city of New York are of importance in this proceeding, but are too well known to require close description. It is sufficient to call attention to the fact that Greater New York is separated into several parts by the Hudson and East rivers and New York Bay. The central section, or Manhattan island, on account of its more advantageous location for commerce and its limited area, early became very dense in population and business, and this density is constantly increasing. The water areas intersecting and adjoining New York City and the crowded condition of Manhattan Island have resulted in the adoption by the carriers of forms of terminal service peculiar to that city.

With the exception of the New York Central, which enters New York from the north, all of the respondents have their rail terminals or freight either on the New Jersey shore or on Staten Island. For convenience both of these localities will hereinafter be referred to as the "Jersey shore." Transportation to or from Manhattan Island

and Brooklyn is completed by means of car floats or lighters, car floats carrying freight cars, loaded or empty; lighters carrying freight which has been unloaded from cars inbound or which is to be loaded into cars outbound. The New York Central employs car floats and lighters in transporting freight between its Sixtieth street station and other points about the harbor.

For many years the respondents have performed the lighterage and car-float service at New York without any charge additional to the freight rates to and from New York, except on short-haul traffic not involved in this proceeding and except on certain commodities. This so-called free service, moreover, is confined to the area within certain boundaries known as the free lighterage limits. In some instances these limits are from 12 to 15 miles from the rail terminals. Freight is handled to or from points outside the free lighterage limits at charges for "extra towing." On account of the difficulty in securing space there are comparatively few team tracks on Manhattan Island; most of the freight delivered or received by the respondents on Manhattan Island or in Brooklyn is handled at piers which are located at frequent intervals along the water front of New York, especially on the west side of Manhattan Island. These piers are of three classes: Those operated by railway companies, known as "pier stations"; those owned and operated by the city of New York, known as public piers or "public docks"; and those owned and operated by shippers, known as private piers. Public piers and private piers are customarily referred to by the carriers as "outside" piers.

Freight stations on Manhattan Island, with few exceptions, occupy piers owned by the city of New York and leased by the carriers. These piers are roofed steel structures usually extending into the river or harbor from 700 to 900 feet and averaging perhaps 80 feet in width. Lighters or floats have access to either side for the purpose of discharging freight, which is deposited in numbered or lettered sections along both sides of the pier with a driveway for trucks down the center. The public piers are similarly constructed, but, unlike the railroad piers, are not covered. Freight is not stored or piled on public piers, but is handled direct between truck and boat. So-called private piers, of which there are comparatively few, ordinarily are simply bulkheads paralleling the shore and adjoining the yards or premises of the controlling industry.

Inbound freight for New York or Brooklyn arriving on the Jersey shore, if not already billed to its final point of delivery, is held at the rail terminal awaiting orders. If ordered to a railroad pier station the cars are switched upon car floats which usually accommodate from 10 to 16 cars, and these are towed by tugs to the designated

pier. If ordered to a public or private pier it is ordinarily necessary to employ a lighter instead of a car float, as the quantity to be removed to such a pier is usually less than the minimum of six cars required for the use of a car float. When a lighter is used it is necessary for the carrier to unload the freight from cars to lighter on the Jersey shore. Under the present practice, upon the arrival of a car float at a railroad pier or a lighter at an outside pier, the freight is unloaded by the carrier. At the public pier the freight is delivered directly to truckmen, but at the railroad pier it is deposited upon the pier floor and is there held, subject to storage regulations, until called for by the consignee. If shippers desire car-float service to a public or private pier it may be obtained by offering the carrier a minimum of six carloads or by paying a tariff rate in lieu thereof. In this case the carriers ordinarily do not unload the cars, but on "lighterage free" freight allow the consignee 12 cents per ton with a minimum of \$2 per car for performing that service.

Outbound freight may be delivered to the railway companies either at pier stations or at outside piers. In the former case the freight is unloaded by the shipper's truckmen upon the bulkhead, from which it is loaded to cars on floats by the carrier's employees. At outside piers the carrier's employees load direct from truck to lighter. Under the present practice no charge is made for the loading service.

Carload freight for export or coastwise shipment is lightered from the Jersey shore to steamship docks or direct to vessels. Under the present practice the railway company unloads the freight to dock or vessel's sling free of extra charge. Less-than-carload shipments are floated to pier stations and unloaded by the railway company, and subsequently drayed to steamship docks by the shipper, or, in the case of through billing, by the railroad company. Freight arriving on vessels for transfer to rail lines, if carload, is loaded from vessel's sling or from dock to lighter by the rail carrier and floated to the Jersey shore direct; less than carload is usually drayed at the expense of the railroad company to the railroad pier station on Manhattan Island, where it is delivered to the rail carrier and floated in cars to the Jersey shore, as in the case of local outbound freight. The rail carriers reserve the right to lighter certain less-than-carload import freight direct to the Jersey shore. Car-float service may be obtained by tendering a minimum of six cars. Fresh meat is invariably handled in car floats and is not loaded or unloaded by the railroad company.

While this description is incomplete and lacking in detail, it will enable us to enter upon a discussion of the tariff provisions now in question. In a discussion of these provisions severally it will be

necessary to mention matters which are not necessary in a general introductory statement.

The principles governing the duties of common carriers are well known and have frequently been stated by the Commission, but they are largely relied upon in this proceeding by both protestants and respondents to support their various contentions, and it therefore seems necessary to repeat a statement of those principles.

In general, custom has largely determined what is reasonable service. It has determined that it is the duty of a railway company to afford the shipper desiring its service a reasonable opportunity to deliver his freight for shipment, to transport the freight with reasonable dispatch and safety, and to place it in a reasonably accessible place for the consignee to receive. The service also includes the care of the freight, after the actual movement, for a time sufficient to afford the consignee a reasonable opportunity to remove it. For all of this service the carrier is entitled to reasonable compensation. It is the practice of American railroads to fix their charge for the entire service thus described, in a single item, which is termed the freight rate.

Many of the circumstances and conditions which affect the transportation service at New York have no counterpart in the United States. Comparisons with service at other cities are therefore difficult. The record does not justify any conclusions as to whether the terminal service rendered by the carriers at New York as a whole is unjustly discriminatory as compared with terminal service at other cities. The Commission can, however, consider the question of the reasonableness of the present and proposed rates, charges, regulations, and practices in themselves, and in so doing can apply, so far as the record will permit, the principles which characterize the services of common carriers.

The terminal floating service at New York having been adopted by the railway companies many years ago as the natural and necessary recognition of the physical conditions, is now to be considered as much a part of the transportation service of the carriers as the service rendered on their rails. There is nothing in the record or within the Commission's knowledge to warrant any conclusion that the carriers were negligent in failing to secure more adequate freight terminals in earlier years. Lower Manhattan Island was occupied by the city at the time of the advent of the railroad. The waters adjacent to the city then offered the best available means for the distribution and collection of freight, and that condition still continues. If the rail carriers had then established on Manhattan Island freight terminals like those in other cities, it is very probable that they would have been forced to remove them long ago.

It is the duty of carriers to make reasonable effort to provide adequate terminal and other facilities. The reasonableness of the effort must be measured by the circumstances and conditions affecting the undertaking. The principle laid down by the Commission in *Galveston Commercial Asso. v. A., T. & S. F. Ry. Co.*, 25 I. C. C., 216, 228, cited by one of the protestants, was subject to these qualifications, as shown in the same paragraph in that report. In that case it appears that the carriers had abundant opportunity for the extension of their facilities, of which they had not availed themselves.

While it is the duty of carriers to foster commerce by rendering efficient transportation service, it is unlawful for them to foster it more at one place than at another; and they are under no obligation to foster commerce at the sacrifice of reasonable profits.

In its decision in *Green Bay Business Men's Asso. v. B. & O. R. R. Co.*, 15 I. C. C., 59, the Commission said that where, upon the strength of a given rate, capital has been invested and industrial conditions have been established, the rate can not be discontinued without taking into account its effect upon those conditions. But it has never been said that there was any absolute rule requiring the indefinite continuance of such a rate. It is always a question of what, under all the circumstances, is just and reasonable. This is as applicable to a practice as to a rate.

As the circumstances and conditions surrounding the terminal service at New York are declared by all parties to be peculiar, the custom at that place must largely determine the reasonableness of the service required of the carriers there. This, of course, would not apply to a custom that can be shown to be unlawful or to a custom so far outside the service of transportation that its continuance by the carrier would materially impair the true transportation service which it should perform. In the absence of uniform circumstances and conditions uniform rates and practices may be discriminatory.

Although embraced in separate tariffs, issued by the different companies, and framed in different language, the present regulations of the respondents are very similar in substance and the changes proposed are intended to be practically the same. Almost without exception, these changes affect the storage or handling of freight rather than its conveyance. Owing to numerous qualifications and exceptions, in recognition of particular commodities, locations, and other circumstances, coupled with defective phraseology, the rules as published are complex and their meaning often elusive. In briefing their case the carriers made a commendable effort to identify and set forth, in topical form, the principal questions involved, and a similar method of treatment is here followed. With only occasional reference to the

rules of individual roads, the tariffs issued by all the respondents were treated collectively at the hearing, on brief, and in argument, and we shall adopt a similar course. In discussing each provision, the present rule, or the material part thereof, will first be stated, then the rule under suspension, and last, a summary of the evidence for and against each proposed change, with the finding.

STORAGE REGULATIONS.

1. *Under the present regulations domestic freight awaiting delivery or transshipment coastwise is held in cars or in railroad warehouses on the New Jersey shore, or at the Sixtieth street station of the New York Central, 10 days without storage charge; after that period the storage charge for the first 10 days, or fraction thereof, is 1 cent per 100 pounds and for each succeeding 10 days one-half cent per 100 pounds. Under the proposed regulations the free storage period is reduced to five days and the storage charge thereafter is 1 cent per 100 pounds for each 10 days, or fraction thereof.*

(a) *Reduction in free storage time from 10 days to 5 days.*—The reason for an allowance of free time on the Jersey shore for local freight destined to points on Manhattan Island or in Brooklyn appears to be largely, if not wholly, the need of the business interests of New York for time in which to dispose of the freight. Much of the testimony in opposition to this proposed change came from the flour interests. The Commission has previously had occasion to note the method of handling flour at New York and other cities. In the report in *Brey v. P. R. R. Co. et al.*, 16 I. C. C., 497, we said:

The method of conducting the flour business at Philadelphia, and probably also at New York, has been for years, and still is, to order the flour from the west and dispose of it after its arrival. To do this advantageously it is necessary that samples of the flour upon its arrival should be taken from the car or warehouse and submitted to prospective buyers, who require a day or so to determine its quality, and complainant claims flour can not be disposed of advantageously in 4 days, but requires at least 10. If it is not disposed of and removed from the warehouse in 4 days, the owner has to pay storage or remove the flour to his private warehouse and then again move it for sale to the purchaser, thus requiring an additional drayage and handling, and this additional cost is alleged to be a very material part of the profit on flour.

Although the testimony in this proceeding is not explicit upon all of these details, it indicates that the present methods are similar to those described. Protestants claim that in order to provide against contingencies, a considerable stock of goods, especially flour, must be kept on hand, and that the reduction of the free storage time from 10 days to 5 days would have a tendency to induce conservative ordering, thus reducing the available supply. It is also claimed that on account of the physical characteristics of the terminals more time

is required for deliveries than at other cities, and that there is no allowance for the bunching of cars or for weather conditions as under demurrage rules, which in other cities are applicable to deliveries from cars on track. Notwithstanding the long prevalence of the custom whereby the carriers have afforded free storage for 10 days at the Jersey shore on freight for New York consumption, the Commission is of the opinion that the railway companies are under no obligation to continue the practice. We are of the opinion that the allowance of five days proposed, with the further allowance of time for final delivery of the freight on Manhattan Island or in Brooklyn, is ample to offset any differences in conditions for which the carrier should assume the burden. The time allowed for the reconsignment of cars under the Code of Demurrage Rules is one day, and while it is contended that the stop of freight on the Jersey shore and its subsequent ordering to final destination is not such a reconsignment as is contemplated in the demurrage rules, it is nevertheless a fact that the freight is stopped and held primarily for the benefit of the shipper and not for the benefit and convenience of the carrier. The storage charge after the period of free time, under both present and proposed rules, is only 50 cents per day on a carload of 50,000 pounds, for 10 days. This provision goes far to offset the lack of provision analogous to demurrage rules for the detention at point of delivery. Under the present rule there is considerable detention of cars under load awaiting delivery orders. The interests of the public demand that these cars be released as promptly as possible in order that their maximum service in transportation may be realized. We therefore find that the change now under discussion is justified.

Counsel for the carriers stated at the hearing that they would not attempt to justify the application of this rule to coastwise traffic moving on through billing, but that it would be applicable to coastwise traffic moving on local billing through New York. The Commission assumes that this statement was authorized and that the proposed tariff rule will be modified accordingly.

The reason for a greater allowance of time on export traffic than on local traffic is understood to be the uncertainty of connection with vessels. The protestants contend that the physical movement of coastwise freight through the terminal is the same as that of export freight, and that the time allowance should therefore be the same; also that there is no such difference in the physical movement of coastwise freight under local billing as to warrant any reduction of time for the transshipment of such freight. The reason assigned by the carriers for an exception in favor of coastwise freight through billed is that such freight does not come into possession of the shipper while in transit, and that he can not therefore be held responsible for any

delay at New York. These various contentions do not go to the root of the matter. Assuming that the period of 10 days is necessary to allow for the accumulation of freight for transshipment on coastwise vessels, it does not follow that the freight should be held by the railway companies, or that, if they perform the service, it should be done without extra charge. There is merit in the suggestion that the steamship companies should share the burden. There is no substantial evidence in the record regarding the degree of regularity or the periods of sailings, either in coastwise or foreign commerce, nor as to the present facilities of those companies for storing freight. The application of the new rule is expressly waived by the respondents in the case of coastwise shipments through billed, and it does not appear that the failure of the transportation lines to join in through billing arrangements should subject the shipper of coastwise freight locally billed to an additional charge for service otherwise rendered free. The present practice of allowing 10 days free storage for coastwise freight is of long standing, and upon this record we can not find that a reduction of the period is justified. We suggest that these are proper matters for consideration in further proceedings.

(b) *Increase in storage charge from 1 cent per 100 pounds for first 10 days and one-half cent per 100 pounds for each 10 days thereafter, to 1 cent per 100 pounds for each 10 days.*—As already stated, railroad companies are under obligation to store freight only for such period as may be required to afford shippers a reasonable opportunity to remove it. In *New Orleans Storage Rules*, 28 I. C. C., 605, the Commission said:

This Commission has repeatedly said that it was not part of the duty of a common carrier by rail to furnish warehouses for the storage of articles transported, even though the convenience of its patrons might so require. We have consistently held that carriers might impose such charges as would compel the removal of freight from their depots and freight sheds. We have in several cases sanctioned the imposition of charges like these upon an ascending scale.

Reaffirming this principle, the Commission finds that the proposed increase in the storage charge proposed in the rule under consideration is correct in principle and is not excessive, although the testimony indicates that it exceeds the charge for similar service at public warehouses. Inasmuch as it is the desire of the carriers to secure the release of their facilities rather than to prolong the period of storage, it is suggested that a better rule could be established by providing an ascending scale of charges for periods of five days or even of one day each. Under the proposed rule the storage charge on a carload of freight weighing 50,000 pounds would be \$5 for 10 days. If the freight were held 10 days the charge would be equal to 50 cents per day, which is undoubtedly low; but if the freight were held but one

day after the expiration of the free time, the full \$5 would nevertheless be collected. However, the 10-day period is common in storage tariffs and the Commission upon this record approves the proposed rule as an improvement upon the present rule.

2. Under the present regulations domestic inbound freight may be held at railroad pier stations within the free lighterage limits three days without storage charge; at the expiration of free time the freight is stored in a public warehouse at owners' expense and risk. Under the proposed regulations storage is free for two days only; for the succeeding one and one-half days a storage charge of 3 cents per 100 pounds, minimum 15 cents, is made, and if not then removed the freight is to be sent to public warehouse.

The construction and arrangement of railroad pier stations and the method of handling freight at such stations have already been described in a general way. The carriers state that the purpose of this proposed reduction in time, like other proposed changes, is to bring the practices at New York more nearly in harmony with those at other stations. It appears from the testimony, however, that the conditions surrounding the handling of freight at pier stations are so dissimilar from those at ordinary freight stations that a comparison is difficult. Much of the inbound freight delivered at pier stations has already been accorded a storage privilege of 10 days on the Jersey shore. It is now proposed to reduce that period to five days and that proposal is approved.

The testimony clearly establishes the fact that the facilities for the delivering of freight are not as good at a pier station as at the ordinary freight terminal with freight house and team track facilities. Without reviewing the voluminous testimony at length, it is sufficient to say that carload freight, which, at ordinary freight terminals is delivered from team tracks, is here delivered from the floor to trucks on the pier; that there is considerable congestion and delay, especially during the busy season; that the allowance of time on the Jersey shore is not an offset to these conditions, as cars are frequently bunched in floating across the river so that freight arrives at pier stations irregularly. The Commission is of the opinion that the present allowance of three days free time for the removal of freight is reasonable. The respondents point to the fact that the proposed rule will in effect allow three and one-half days as against three days under the present rule, but this alleged advantage disappears when we note that under the proposed rule, if the freight is not removed within two days, a charge of 3 cents per 100 pounds will be assessed and that if the freight is not removed within one and one-half days succeeding the free time it will be taken to a public warehouse at the shipper's expense. As an example of the effect of this provision it is

shown that the charges for the storage at pier stations and the expense of trucking, with storage in public warehouse for the minimum period, upon a carload shipment of canned goods might easily amount to as much as \$60 to \$80. The record shows no such congestion at pier stations as would warrant such a penalty for detention of one and one-half days. The Commission is of the opinion that a reasonable charge for storage at pier stations in excess of three days may properly be assessed; but we find that the proposed charge of 3 cents per 100 pounds for the period of one and one-half days is not justified.

The rule proposed by the Central Railroad of New Jersey differs from that proposed by other respondents by allowing five days storage succeeding free time, at a storage charge of 1 cent per 100 pounds per day, the carrier to have the option of removing the freight to public warehouse at any time during the five days, at owner's cost and risk. The same rule is to be applicable to export freight. This rule, at least in its application to domestic freight, appears more equitable than that proposed by other respondents. No specific testimony was offered regarding its propriety as applied to either domestic or export freight, and the Commission must therefore hold that it has not been justified. Attention is directed to the option which the Jersey Central proposes to exercise of removing freight to public warehouse at any time within the storage period and to the similar option proposed by other respondents of requiring removal within 24 hours. It is obvious that such provisions afford great opportunity for discrimination between shippers, and on that ground they must be disapproved. Uncertainty in service is as much to be condemned as uncertainty in rates.

3. Under present regulations export less-than-carload freight is held at railroad pier stations on Manhattan Island or in Brooklyn 10 days without storage charge; if not taken within that period it is placed in public warehouse. Under the proposed regulations the free time is reduced to two days. All respondents except the Erie reserve the right to require removal of freight within 24 hours.

This proposed change is also disapproved. It has been the practice of the carriers for many years to permit the free storage of export freight for a period of 10 days, and even though that service be shown unreasonable the remedy is not to be found in its sudden withdrawal practically without regard to the consequences to the shipping interests. The testimony clearly shows that the period of two days is too short; a longer period for storage must be provided. The contention of the railway companies that the steamship companies should provide facilities for the care of freight intended for shipment on their vessels appears reasonable, but the record does not show that they have such facilities. It was suggested by counsel

for the city of New York that the transportation companies should cooperate in making suitable provision for the storage of freight pending the arrival of vessels, and this is no doubt the case. That the respondents doubted the practicability or the justice of this proposed change is indicated by the fact that they submitted at the hearing a substitute proposition for the holding of freight on the Jersey shore awaiting transfer by lighter to vessels, but consideration of this proposal did not proceed sufficiently to justify a conclusion as to its merit. It received favorable comment from the witnesses for protestants.

Although not discussed in the record, it is evident that another alternative may be considered: The establishment of a period for storage at pier stations by the railway companies for a period as short as the actual necessities of transportation will permit, with a reasonable charge for the service after three days, but the Commission does not wish to be understood as approving such a rule. Further testimony would be necessary before reaching a conclusion.

4. Present regulations provide a charge of 15 cents per ton for the handling and storage for six months of heavy iron and steel articles and cooperage stock; for sawed stone the charge is 30 cents per ton. After the expiration of six months a storage charge of 5 cents per ton per month is assessed. The proposed regulations increase the charge on iron and steel articles for the first six months to 25 cents, on cooperage stock to 40 cents, and on sawed stone to 40 cents.

It is customary for railroad companies to allow shippers to unload coarse and heavy freight, not affected by weather conditions, upon the right of way, subject to storage charges based upon the cost to the carrier. The proposed increases in these charges appear to be reasonable and are approved. No testimony was offered in opposition.

LOADING AND UNLOADING REGULATIONS.

1. Under present regulations, freight is loaded to or unloaded from lighters at either railroad piers or outside piers by the railway company free of any charge in addition to the regular freight rates. At outside piers an allowance of cost, but not exceeding 12 cents per ton, is made to shippers or consignees who perform this service.

The proposed rules provide—

(a) That when the loading or unloading is done at an outside pier the carrier will collect 12 cents per ton in addition to the freight rate. At the carrier's option, the shipper or consignee will be permitted to do the work, for which the carrier will pay cost, but not to exceed the 12 cents per ton collected.

(b) That when the freight is received from or delivered to lighters, barges, or vessels not owned or controlled by the carrier, a charge of 12 cents per ton will be made when the transfer is between car and string piece or platform, and 18 cents per ton when the transfer is between car and deck.

It is the long established custom of the railroad companies to perform the loading and unloading of freight to and from lighters, both carload and less than carload, whether at pier stations or at outside piers, and to include the service in that covered by the freight rate. The carriers state that the performance of this service at outside piers is an erroneous custom, which they now propose to discontinue. Their contention that it is the usual practice elsewhere for shippers to load and unload carload freight is not applicable to the situation at New York outside piers, where it has long been the practice of the railway companies to perform that service. An important reason for the usual rule is that shippers should be allowed to handle their own freight to and from cars wherever practicable; but here the carrier is but unloading from the lighter the freight which it has previously loaded to the lighter on the Jersey shore, or loading to the lighter the freight which it must subsequently load to cars. The important consideration is not what is the general rule under usual conditions, but what practice under all the circumstances will best serve the interests of the carriers and shippers at New York. The proposal of the carriers to retain the option of permitting shippers to load or unload their freight is wholly inconsistent with their contention that the service in question is not a transportation duty. Good reason is given why the carriers should retain control. It frequently occurs that several consignments are carried in the same lighter load, and in other cases the carriers have employees upon the barges who can handle the freight more promptly than the shippers could. The value of the equipment used and the possible necessity of its prompt release for other service strongly supports the justice and propriety of considering the unloading of freight from lighters as a service which the carriers should continue to assume.

The protestants claim that freight on a lighter or barge is not reasonably accessible to the consignee, and that the carrier so tendering the freight has not performed its duty as a transportation agent. The carriers claim that freight on a lighter is more accessible than in cars on track. The conflicting evidence suggests that the accessibility of freight on lighters or barges varies greatly under different circumstances.

It is evident, however, that the real subject of controversy is not the carriers' responsibility, but the proposal to charge shippers 12 cents per ton for the loading or unloading. The Commission finds that this rule is not justified, for the following reasons: (a) It would be discriminatory as between the shippers of different commodities. Although the average cost of loading or unloading lighterage freight is about 12 cents per ton, some commodities, such as salt and cement, can be handled for much less than 12 cents,

whereas the handling of others, lumber, for example, costs much more. (b) The assessment of any charge for terminal handling, the service having heretofore been performed under the freight rate, would have the effect of increasing that rate; and a proper justification of such an increase would involve consideration both of the line-haul and the terminal service to be performed under the increased rate. There is no evidence to warrant any finding upon the adequacy of the compensation now received by the carriers for their complete service. It is shown that freight lightered requires more handling than freight floated to pier stations; that lighters are usually loaded far below their capacity and also suffer considerable detention for unloading at piers; hence, the proposed additional charge on lightered freight. To what extent these expenses in handling freight by lighter are offset by the costs of operating the pier stations where other freight is handled is left to conjecture. We make no finding as to the adequacy of the present rates on any of this freight; our finding is that an increase in rates has not been justified by the carriers in this proceeding, and that the method of increase proposed is improper.

The Commission strongly favors the analysis of service and rates as an aid to their measurement and comparison. But it holds that, where a terminal service has heretofore been treated by the carriers as a part of the transportation service covered by the freight rate, and regularly performed by them, they may not now segregate that service and assign to it a separate charge without taking into consideration, in order to justify such charge, the entire through service of which it forms a part and the compensation heretofore received for such through service.

The record shows that the proposed charge of 12 cents for unloading would be equivalent to advances of from 4 to 8 per cent in the through rates on certain commodities handled in large volume. The additional charge would increase the cost to the city of New York for structural steel and other materials for its proposed new subway by approximately \$100,000. The citation of this testimony is sufficient to emphasize the great importance of terminal service as a transportation factor.

2. Under present regulations, when the shipper or consignee is entitled to lighterage free but prefers car-float service, if the minimum number of cars or tonnage equivalent is offered, the carriers place the cars on car floats without additional charge. If the loading or unloading is performed by the shipper or consignee, the carrier allows him 12 cents per ton, with a minimum of \$2 per car. Under the proposed rules, the shipper or consignee is required to load or unload such freight and no allowance is made.

The provision now under consideration reads as follows:

Shippers or consignees will be required to load and unload cars and no allowance therefor will be made.

The loading or unloading of cars on car floats at outside pier or vessel is usually performed by the shipper or consignee. The reasons given for proposing to withdraw the rule providing an allowance of 12 cents per ton to such shippers or consignees are that the delivery of freight in cars on floats at outside piers or vessels is analogous to delivery of cars on sidings or team tracks; that as the present rule requires shippers to load or unload fresh meat in bulk and makes no allowance on that commodity it discriminates in favor of other commodities; and that the service is a special one, usually for the benefit of particular commodities, and therefore of special value to the shipper. The protestants claim that there is no charge for similar service at certain other ports when performed by the carrier and that when performed by the shipper a substantial allowance is made; that the float service is less expensive than the lighter service for which it is substituted, and that the withdrawal of the allowance would be an unjustified advance in rates. In support of the last objection, one of the protestants, the United Fruit Company, testified that the rule would cost that company \$20,000 per year.

In our opinion the carriers are justified in requiring that shippers load and unload their freight to and from cars on car floats when ordered and placed at vessels or outside piers. That is now the usual practice. The reasons for such a rule as to carload freight on team tracks apply here with nearly equal force. The freight is switched between rails and car float in unbroken carloads, and is not ordinarily handled by the railway company's employees. The testimony shows no serious opposition to the rule requiring shippers to load and unload.

This conclusion, however, rests on grounds wholly apart from any consideration of compensation. The readjustment of rules as to service to bring them into harmony with the carriers' reasonable transportation obligations necessitates a corresponding readjustment of compensation, unless it be shown that the compensation requires no such adjustment. As the railroad companies have made an allowance to shippers for many years out of their rates, there is a presumption that the rates covered that allowance and that its discontinuance should be accompanied by a relinquishment of revenue formerly provided. There is nothing in this record to overcome that presumption. That the proposed rule would result in very substantial additions to transportation charges is beyond question.

Although the testimony regarding the cost of car-float service, as compared with that of lighter service, is unsatisfactory, it raises the

presumption that the costs are so similar that an allowance to shippers in the one case and its disallowance in the other, the freight rates being equal, would constitute unjust discrimination as between the two classes of service.

LIGHTERAGE AND TOWING REGULATIONS.

1. *Under the present regulations, a less-than-carload lot of westbound lighterage free freight, received with a carload or more of freight entitled to free lighterage in carloads, from the same shipper, at the same point, and at the same time, is granted free lighterage; or, in the case of carfloat service, if the less-than-carload lot is loaded into a car by the shipper, on the same float, it is granted free floatage. Under the proposed regulations, a charge for lightering or floating the less-than-carload lot is made at the rate of 3 cents per 100 pounds, minimum \$3.*

The testimony shows that on westbound shipments it is usually necessary to use a separate car on the Jersey shore for each less-than-carload lot. In effect, therefore, the charge of \$3 per shipment is principally a switching charge. This evidence is not effectively contradicted. Protestants claim that the imposition of this charge on westbound shipments and not upon eastbound would be unjustly discriminatory. The carriers, however, state that eastbound less-than-carload shipments can be handled without the extra service necessary on westbound. Some of the protestants admitted the justness of the proposed charge of 3 cents per 100 pounds on the actual weight of the freight, but all objected to the minimum charge of \$3 on each shipment, on the ground that it would be excessive as applied to a very small shipment; also that if several less-than-carload shipments should be loaded into the same car, the application of the minimum to each of them would be still more inequitable. The Commission concludes that the proposed charge of 3 cents per 100 pounds on actual weight is justified, but disapproves the proposed minimum charge of \$3 per shipment. The rule should be so amended as to make the minimum applicable to the car movement rather than to each shipment.

2. *Under present regulations a charge is made for lightering heavy articles as follows:*

	<i>Per ton.</i>
<i>Over 3 tons and up to 20 tons.....</i>	<i>\$0.40</i>
<i>Over 20 tons and up to 30 tons.....</i>	<i>.65</i>
<i>Over 30 tons and up to 35 tons.....</i>	<i>1.15</i>
<i>Over 35 tons and up to 40 tons.....</i>	<i>1.90</i>
<i>Over 40 tons and up to 45 tons.....</i>	<i>2.40</i>
<i>Over 45 tons and up to 50 tons.....</i>	<i>2.90</i>

Pieces weighing up to 3 tons are lightered free. For pieces weighing over 50 tons special arrangements must be made with the carrier; and

when a lighterage order from one shipper or consignee covers delivery of 50 tons or more at one time from one harbor point for one harbor destination no extra charge is made for single pieces weighing 20 tons or less. The proposed rules establish a minimum of \$20 for any one delivery, less 60 cents per ton per shipment; and the exception exempting single pieces weighing 20 tons or less, where the delivery amounts to 50 tons or more, is restricted to shipments of marble or stone.

These proposed increases are based wholly upon the service of handling the freight to or from lighter, and not upon the floating of the freight. For the purpose of clearness, the proposed increases are restated as follows:

(a) Establishment of a minimum charge of \$20, less 60 cents per ton, for each delivery.

(b) Withdrawal of free lighterage on pieces weighing from 3 to 20 tons, when the lighterage order covers delivery of 50 tons or more to one harbor point, excepting upon shipments of marble or stone. This is practically equivalent to the establishment of a charge of 40 cents per ton for the handling of such pieces.

To illustrate the effect of the first change, the charge for handling a piece weighing 5 tons for single delivery under the present rule is \$2; under the proposed rule it would be \$17—\$20 less 60 cents per ton. It is explained that the 60 cents is the allowance to the carriers from the through rate, to cover lighterage. In justification of this increase the carriers state that it is based upon the maximum amount which they are requested to pay to outside lightermen when they perform the service. The testimony is not clear that that amount is actually paid. On the other hand, there is evidence that outside lightermen are ready to perform the service for the protestants for much less, at least on pieces weighing less than 20 tons, in lots of 50 tons or more. The rule can not be approved.

The second proposed change is opposed upon the grounds, first, that it would result in very large increases in the rates for service; and second, that it is an unwarranted discrimination between shipments of pieces weighing less than 3 tons and those weighing from 3 to 20 tons. As to the first allegation, it is shown that on shipments of structural steel, for example, the increase in charges from the principal steel-producing points in trunk line territory to New York would amount to from 12 to 26 per cent. It is true that under the present rule free lighterage of pieces weighing from 3 to 20 tons can be obtained only when the lighter load amounts to 50 tons or more; but it appears that the shippers are usually able to load that amount. The American Locomotive Corporation testified that 90 per cent of its packages weigh from 3 to 20 tons each, and that the proposed rule would add \$40 to the cost of each locomotive shipped. This testimony is cited

only to show the importance of the rule under discussion, and the necessity for a careful consideration of such an advance before giving it our sanction. The record before us fails to show satisfactory justification.

According to the testimony the expense of handling pieces of freight weighing from 3 to 20 tons is practically the same as that of handling pieces weighing 3 tons or less, and that the handling of a piece weighing 10 tons, for example, would be actually less than that of handling four pieces averaging $2\frac{1}{2}$ tons each. The burden of testimony is that pieces weighing less than 20 tons fall within the capacity of ordinary equipment of railroad lighters, hence that the proposed advance is unnecessary and unjustified.

We also conclude from the record that the proposed exception in favor of shipments of marble and stone is not justified, as shipments of iron and steel, and possibly of other commodities, are as quickly and economically handled as those of marble or stone, and are also less liable to damage.

Consideration of these questions brings conviction of the difficulty of framing any general rule covering this class of service that will be even approximately free from inequality. It suggests the possible propriety of surrendering the service to all shippers who desire to assume it with respect to their own shipments, and the provision of a schedule of rates which will practically recognize the character of the service for each commodity.

3. Present regulations provide certain charges for towing freight to points outside of free lighterage limits. The suspended tariffs propose to increase these charges for towing to certain points, including, among others, points on Gowanus Canal above Hamilton Avenue bridge.

The carriers stated at the hearing that they would not attempt to justify proposed increases in charges for towing to points on Gowanus Canal above Hamilton avenue bridge. No testimony was offered in support of the proposed advances in charges to other points and no reason has been assigned for these advances. We hold that none of the proposed advances in towing charges has been justified.

MINIMUM WEIGHT REGULATIONS.

Under the present regulations free lighterage is given dressed poultry, butter, cheese, and eggs when in lots of 10,000 pounds or more, and such lots are also subject to an allowance of 3 cents per 100 pounds for drayage and ferriage in lieu of lighterage. The proposed regulations increase this minimum to 20,000 pounds.

Respondents state that the purpose of this proposed change is to produce sufficient revenue to warrant the performance of free lighterage or an allowance of 3 cents per 100 pounds for cartage in lieu of

lighterage. They state that special service is necessary, including refrigeration, expedited movement, and, at times, special floating; also that the revenue produced under the present minimum of 10,000 pounds on dressed poultry, butter, eggs, and cheese is only about 50 per cent of the gross revenue produced by various other commodities which take a minimum of 30,000 pounds. The protestants in turn cite numerous commodities granted free lighterage on which the minimum is 16,000 pounds or less and on which the freight rates are lower than on the commodities covered by this rule, and that the average revenue per car on those commodities is less than from shipments of poultry, eggs, butter, or cheese, even at a minimum of 15,000 pounds. The principal protestant offered no objection to a minimum of 15,000 pounds, which is the minimum for the road haul. The testimony is not clear as to whether it would be practicable for shippers to load to the proposed minimum of 20,000 pounds per car. Upon consideration of the whole testimony, which is somewhat conflicting, the Commission concludes that the proposal to increase the minimum to 20,000 pounds is not justified, but that the rule may properly provide the same minimum for free lighterage as has been established for the road haul, 15,000 pounds.

DUNNAGE REGULATIONS.

The present regulations provide that the expense for staking, wiring, or cleating shipments of lumber, telegraph poles, or similar lading will be made a charge upon the lading as follows: When material and labor are furnished by the railroad company, \$2 per car; when the material is furnished by the shipper and labor by the railroad company, 50 cents per car. Under the proposed regulations the charges are as follows: When the material is furnished by the shipper and the labor by the railroad company, \$1 per car; when material and labor are both furnished by the railroad company, the charge on shipments of lumber and timber is \$4 per car, on logs \$4 per single car and \$15 per double car, on poles and piling \$7.50 per car, and on granite, marble, and stone \$4 per car.

The respondents presented testimony showing that the actual cost of this service, made necessary by the Master Car Builders' rules, to insure the safety of lading, justifies the proposed increases. No testimony was offered by protestants in opposition to the proposed rule, which the Commission holds to be justified.

As to some proposed changes embodied in the suspended tariffs, no evidence was offered. The tariffs were suspended as a whole, and it was the duty of the respondents, under the law, to justify every proposed advance. We do not mean by this that justification must be offered in respect to each individual rate, in cases where

rates may be considered in groups, or where a general principle may be applied. But no such condition is found in this case. In the absence of any showing of justification such proposed rules can not become effective.

The Board of Trade of Elizabeth, N. J., representing that city and other communities in New Jersey contiguous to New York, intervened in this proceeding, claiming that the proposed regulations governing terminal services at New York were unduly discriminatory against those interveners. The substance of their contention is that the communities on the New Jersey side of the Hudson River are required to pay New York rates on their freight from the west and must pay differentials over the New York rates on freight reaching them from points east of New York, whereby those communities are deprived of the advantage which should justly accrue to them by virtue of their location. It is evident, however, that the tariffs under suspension if allowed to become effective would reduce the alleged discrimination instead of increasing it. The Commission is of the opinion that the complaint of the interveners would be more properly made the subject of separate proceedings under formal complaint.

It is proper to comment upon the numerous qualifications necessary in these findings, due to the unsatisfactory record. In presenting their case, the carriers stated that the attempt to modify regulations governing terminal services and charges at New York was initiated by some suggestion or recommendation made by this Commission or its special counsel. It is assumed that this had reference to the recommendation in our decision in the *Five Per Cent case*, 31 I. C. C., 351, that the carriers investigate their terminal and other services with a view to the conservation of their revenues. The filing of the tariffs under investigation in this proceeding was not responsive to the spirit of that recommendation. A review of the voluminous record brings conviction of the inadequacy of the carriers' attempt to place such a record before the Commission as would justify a conclusive disposition of the matters at issue. While stating that the principal reason for proposing these changes was to establish the same practices at New York as now exist at other terminals, thereby removing a discrimination, carriers have failed to give proper recognition to the fundamental differences in conditions, and have afforded the Commission no satisfactory basis for making some of the comparisons. The cost of service would be an important measure of comparison; but, aside from occasional indefinite allegations regarding comparative expense, in but one case was evidence furnished as to cost of service. The accounting officer who gave this testimony declared that the ascertainment of the cost of terminal service is easier than in the case of other services.

A valuable result of the present inquiry is the demonstration of the necessity for a thorough revision of the tariffs governing terminal charges and practices at New York. Perhaps originally simple, the rules in the present tariffs are complicated by numerous additions, qualifications, and exceptions, some of which are so expressed as to give rise to much uncertainty regarding their intent. The tariffs under suspension bear evidence of carelessness in preparation and are distinctly inferior in this respect to those which they were intended to supersede. Time was consumed at the hearing in unsuccessful effort to ascertain the meaning of several of the proposed rules. In several instances defects were admitted by the carriers and corrections promised. In some cases substitute rules were proposed, but the opportunity for investigation was insufficient to warrant a conclusion. Aside from any consideration of the propriety of their provisions it is clear that the proposed tariffs must be withdrawn and rewritten. Nevertheless we have endeavored to give such indication of our views regarding the nature of the questions involved as will assist the carriers in such further effort to amend their terminal regulations as may seem to them warranted or as may be necessary.

Witnesses for the carriers expressed the belief that a joint tariff, containing such rules as are common to all the carriers, would be greatly preferable to the present diversity. The Commission believes that for the convenience of the public, as well as that of the carriers, such a tariff should be issued, or that the rules in tariffs separately issued by the carriers should be harmonized, and that in the preparation of such tariff or tariffs opportunity should be taken not only to harmonize the construction of rules and to clarify the meaning of such as are obscure, but also to eliminate all such features of unjust discrimination or other impropriety as are found to exist in either the present or the suspended rules. In such an undertaking the record in this proceeding will afford much assistance.

Respondents will be required to cancel the proposed tariffs. An order will be entered accordingly.

COMMISSIONER HARLAN took no part in the decision of this case.

85 I. C. C.

No. 6561.¹

McCAULL-DINSMORE COMPANY

v.

MISSOURI PACIFIC RAILWAY COMPANY ET AL.

PORTIONS OF FOURTH SECTION APPLICATIONS Nos.
2045, 2855, AND 3786.

Submitted August 25, 1914. Decided July 7, 1915.

1. Rates on corn and oats in carloads from points in Iowa to Leavenworth and Atchison, Kans., and Kansas City and St. Joseph, Mo., found to be unreasonable to the extent that they exceeded the aggregates of the intermediate rates contemporaneously in effect. Reparation awarded.
2. Applications for relief from the provisions of the fourth section denied.

F. J. Morley for complainant.

F. G. Wright for Missouri Pacific Railway Company.

C. C. Wright and *R. H. Widdicombe* for Chicago & North Western Railway Company.

W. T. Hughes for Chicago, Rock Island & Pacific Railway Company.

O. W. Dynes for Chicago, Milwaukee & St. Paul Railway Company.

J. B. Sheean for Chicago, St. Paul, Minneapolis & Omaha Railway Company.

A. P. Humburg and *R. V. Fletcher* for Illinois Central Railroad Company.

R. B. Scott for Chicago, Burlington & Quincy Railroad Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in the grain business, with its principal office at Minneapolis, Minn. By complaints, filed on

¹ The proceeding also embraces complaints in—No. 6561 (Sub-No. 1), Same v. Same; No. 6561 (Sub-No. 2), Same v. Chicago, Burlington & Quincy Railroad Company et al.; No. 6561 (Sub-No. 3), Same v. Chicago, Milwaukee & St. Paul Railway Company et al.; No. 6561 (Sub-No. 4), Same v. Chicago, Rock Island & Pacific Railway Company; No. 6561 (Sub-No. 5), Same v. Missouri Pacific Railway Company et al.; No. 6561 (Sub-No. 6), Same v. Chicago, Burlington & Quincy Railroad Company et al.; No. 6561 (Sub-No. 7), Same v. Chicago, St. Paul, Minneapolis & Omaha Railway Company et al.; and No. 6561 (Sub-No. 8), Same v. Illinois Central Railroad Company et al.

various dates from February 5, 1914, to June 23, 1914, inclusive, as amended, it alleges that the charges collected by defendants for the transportation of oats and shelled corn in carloads from points in Iowa to Leavenworth and Atchison, Kans., and Kansas City and St. Joseph, Mo., during the period from July, 1913, to February, 1914, inclusive, were unreasonable and in violation of section 4 of the act in that they exceeded the aggregates of the intermediate rates to and from Council Bluffs, Iowa. Reparation is asked. Those portions of Fourth Section Applications No. 2045 of the Illinois Central Railroad Company, No. 2855 of the Chicago, Milwaukee & St. Paul Railway Company, and No. 3786 of the Chicago & North Western Railway Company which seek authority to maintain through rates on oats and corn from certain points of origin named in the complaints to the destinations involved in excess of the aggregates of the intermediate rates subject to the act were assigned for hearing with the complaints. Rates from certain other points of origin in excess of the aggregates of the intermediate rates are covered by general applications, which, however, were not set down for hearing herewith.

Some of the shipments moved through Council Bluffs; the remainder, except shipments from Sibley, Iowa, through Omaha, Nebr. The combination rates from all of the points of origin involved, except Sibley, based on Omaha for shipments routed through Omaha by the consignors, and on Council Bluffs for the remaining shipments, are, in cents per 100 pounds, as follows:

From—	Combination rates based on—		From—	Combination rates based on—	
	Council Bluffs.	Omaha.		Council Bluffs.	Omaha.
Inwood, Iowa.....		17.5	Rock Rapids, Iowa.....	16.1	.....
Lohrville, Iowa.....	13.3	.....	Havelock, Iowa.....	15.0	.....
Hull, Iowa.....	15.2	.....	Paullina, Iowa.....	13.6	.....
Boyden, Iowa.....		16.9	Remsen, Iowa.....	17.1	.....
Churdan, Iowa.....	13.2	.....	Sheldon, Iowa.....	17.5	17.5
Jolley, Iowa.....	13.7	.....	Woodbine, Iowa.....	10.4	.....
Lytton, Iowa.....	13.8	.....	Duncombe, Iowa.....	13.4	.....
Howarden, Iowa.....	14.5	.....	Blairsburg, Iowa.....	13.8	.....
Jefferson, Iowa.....	12.8	.....	Matlock, Iowa.....		14.6
Barnum, Iowa.....		14.1	Manson, Iowa.....	13.3	.....
Meriden, Iowa.....	14.7	.....	Ashton, Iowa.....	17.5	17.5

¹ Combination on Sioux City, Iowa, and Council Bluffs.

Some of these rates are based on mileage rates to Council Bluffs and Omaha, others on specific commodity rates to these points. The rate used beyond Council Bluffs and Omaha to all points of destination is a proportional commodity rate of 5.5 cents.

Except from Ashton, Sheldon, and Remsen, shipments moved over a single line to Council Bluffs. Complainant asks reparation

for this portion of the haul of such shipments on the basis of the maximum mileage rate scale applicable to one-line movements wholly within the state of Iowa. Shipments from Ashton, Sheldon, and Remsen moved to Council Bluffs over two lines, for which rates equal to 80 per cent of the sum of the local rates of the participating carriers are suggested. The maximum mileage rates applicable to one-line movements within the state of Iowa have been filed with us, and in the absence of other applicable rates may be used in constructing through rates on interstate shipments. The rule for computing charges on shipments moving over two or more lines on the basis of 80 per cent of the sum of the locals applies only to Iowa intrastate traffic.

Shipments from Sibley were moved by the Chicago, Rock Island & Pacific Railway, with reconsignment at Kansas City, the original destination, to Herington, Pratt, and McPherson, Kans. Reconsignment at the through rate was authorized by tariffs, and charges were collected on that basis. Complainant asks reparation on the ground that the through rate from Sibley to Kansas City exceeded the aggregates of the rates to and from Council Bluffs. The shipments did not move through Council Bluffs, and as Kansas City was not their final destination no reparation is due complainant on these shipments.

We find that the rates charged on the other shipments involved were unreasonable to the extent that they exceeded the aggregates of the intermediate rates contemporaneously in effect. Many of the rates involved have since been reduced and no longer exceed the aggregates of the intermediate rates. Defendants offered no evidence to support their applications for relief from the provisions of the fourth section, which accordingly will be denied to the extent that they are involved.

We further find that complainant made shipments as described in accordance with the foregoing statement of facts and paid and bore charges thereon at the rates herein found to have been unreasonable; that it has been damaged to the extent of the difference between the charges paid and the charges which would have accrued at the rates herein found reasonable and that it is entitled to reparation with interest. As the record does not show the exact routing of all of the shipments involved and indicates that some of them may have been reconsigned from the original destination under a transit arrangement, the precise amount of reparation due can not be determined. Complainant accordingly should prepare a statement showing as to each shipment on which reparation is asked the date of movement, point of origin, point of destination, route, weight, car number and initials, rate charged, charges collected, the combination rates in effect when the shipments moved, and the amount of reparation due under our findings herein, which statement should

be submitted to defendants for verification. Upon receipt of a statement so prepared by complainant and verified by defendants, we will consider further issuing an order awarding reparation.

Certain of the shipments involved were charged for at rates less than the lawful rates. The undercharges may be taken into account in settlement of the charges in excess of the lawful rates that were collected on certain of the shipments.

Appropriate orders will be entered.

25 I. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 568.¹
ICE RATES TO LONG BRANCH AND OTHER STATIONS IN
NEW JERSEY.

Submitted May 6, 1915. Decided July 7, 1915.

1. Proposed increases in respondents' carload rates on ice from points in New Jersey and eastern Pennsylvania on the Delaware, Lackawanna & Western Railroad to points in New Jersey on the New York & Long Branch Railroad found not justified. Schedules under suspension required to be canceled.
2. Defendants' carload rates on ice from Tobyhanna, Pa., to various points on the Seashore branch of the Central Railroad of New Jersey found to be unreasonable to the extent that they exceed \$1.32 per ton in box cars and \$1.48 in ice cars. Reparation denied.
3. Fourth section application denied to the extent that it seeks authority to continue rates on ice from points on the Delaware, Lackawanna & Western Railroad in New Jersey and eastern Pennsylvania to Long Branch, N. J., and points south thereof on the New York & Long Branch Railroad, lower than the rates concurrently in effect to intermediate points.

J. E. Reynolds for New York & Long Branch Railroad Company.

J. L. Seager and *A. S. Learoyd* for Delaware, Lackawanna & Western Railroad Company; Central Railroad Company of New Jersey; and New York & Long Branch Railroad Company.

R. A. Koontz for Monmouth Ice Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

These proceedings are related, were consolidated and heard together, and will be disposed of in one report.

By schedules, filed to take effect December 21, 1914, increased carload rates on ice were proposed from various points on the Delaware, Lackawanna & Western Railroad in New Jersey and eastern Pennsylvania to points on the New York & Long Branch Railroad, from Long Branch to Point Pleasant, N. J., both inclusive. Upon pretest by the Monmouth Ice Company the schedules were suspended until October 20, 1915. By complaint, filed November 30, 1914, protestant as complainant alleges that the carload rates on ice from Tobyhanna, Pa., to Atlantic Highlands, Highlands, Highland Beach, and Seabright, N. J., are unreasonable and unjustly discriminatory.

¹ The proceeding also embraces complaints in—No. 7592, Monmouth Ice Company v. Delaware, Lackawanna & Western Railroad Company et al.; Portions of Fourth Section Application No. 1774.

The movement to all points of destination involved is performed by the Delaware, Lackawanna & Western to Hampton Junction, N. J., by the Central Railroad of New Jersey thence to Perth Amboy, N. J., and by the New York & Long Branch Railroad southeastwardly from Perth Amboy to Long Branch, Point Pleasant, and the various points of destination shown in the suspended schedules. The Seashore branch of the Central Railroad of New Jersey connects with the New York & Long Branch at Matawan, N. J., and extends along the coast through Atlantic Highlands and the points of destination involved in protestant's complaint to West End, N. J., where it again connects with the New York & Long Branch Railroad. East Long Branch, N. J., about 2 miles north of West End, is the extreme southern freight station on the Seashore branch. Another branch of the Central Railroad of New Jersey extends westwardly from East Long Branch and connects with the New York & Long Branch Railroad at Branchport.

Effective February 23, 1915, after protestant's complaint had been filed, increases were effected in the rates involved pursuant to our findings in *The Five Per Cent case*, 31 I. C. C., 351, and 32 I. C. C., 325. The rates in effect immediately before these increases were effected are signified by the term present rates in this report. All rates named are rates per ton of 2,000 pounds. The rates are not the same from all points of origin named in the schedules involved. The rates from Gouldsboro, Pocono Summit, and Tobyhanna, Pa., are fairly illustrative of the rates involved to points of destination named in the suspended schedules.

The present rates from Gouldsboro, Pocono Summit, and Tobyhanna are \$1.25 on shipments of ice in box cars, \$1.40 on shipments in ice cars or other special equipment, to Long Branch and points south of Long Branch to and including Asbury Park and Ocean Grove; \$1.50, in box cars, \$1.65, in ice cars or special equipment, to Bradley Beach and points south of Bradley Beach to and including Point Pleasant. The proposed rates are \$1.60 applicable to shipments in box cars or special equipment to Long Branch and grouped points; \$1.60 on shipments in box cars to Bradley Beach and grouped points, without change in the rate on shipments in ice cars or special equipment. The rates to Atlantic Highlands long have been the present \$1.45 rate, in box cars or ice cars. Until December 15, 1913, the rates to Highlands and other points on the Seashore branch, south of Highlands, including East Long Branch, were \$1.95, in box cars or ice cars, reduced December 15, 1913, to \$1.60. The tariffs applicable imposed no restrictions relative to routing beyond Matawan and applied over both routes involved, New York & Long Branch Railroad or Seashore branch of the Central Railroad of New Jersey.

The adjustment described departed from the long-and-short-haul rule of the fourth section of the act, but was protected by the carriers' blanket application for relief, No. 1774, which was set for hearing with protestant's complaint to the extent that it was applicable. All parties assumed at the hearing that the rates to East Long Branch departed from the rule of the fourth section. The carriers regard East Long Branch and Long Branch as substantially the same point and believed that the same rates applied to both points, because shipments appeared to have moved over the Seashore branch of the Central Railroad of New Jersey to East Long Branch at the rate of \$1.25. The tariffs show, however, that the rate to East Long Branch was \$1.95 until reduced to \$1.60, as previously described. The rates to East Long Branch therefore did not depart from the long-and-short-haul rule. The fourth section departures which do exist and are here involved have not been justified, and the application of the carriers for relief will be denied.

The rates involved to the points on the New York & Long Branch Railroad were prescribed in *Mountain Ice Co. v. D., L. & W. R. R. Co.*, 17 I. C. C., 447. Our order expired several years ago, but no attempt was made to increase the rates prescribed until the proposed schedules in controversy were filed. The carriers state that the object of the increased rates proposed was to eliminate fourth section departures, but, as we have held repeatedly, such an elimination does not establish that the rates published are reasonable. Representatives of the carriers expressed the opinion that the present rates are unduly low and unremunerative, stating that little or no testimony was offered in the proceeding cited except by the Delaware, Lackawanna & Western concerning the conditions attending the handling of ice to New York & Long Branch Railroad points. The rates on certain low-grade commodities other than ice to such points from Pennsylvania and New Jersey points in the general vicinity of the points of origin here involved are shown to be something higher than the present rates on ice. Such rates are \$1.70 per ton on building lime, \$1.50 per ton on agricultural lime, \$1.50 per ton on ground limestone, and \$1.75 per ton on cement. Our conclusions in the *Mountain Ice Company case, supra*, followed an exhaustive investigation in that and related proceedings of the rates on ice throughout an extensive territory, and the argument made now that the rates on ice to New York & Long Branch Railroad points are unduly low and that the carriers' revenues under their rates have been unremunerative is unavailing. The evidence adduced to support it is too meager and discloses no change in conditions since the *Mountain Ice Company case* was decided. We find that the carriers have not justified the increased

rates proposed in the schedules under suspension. The schedules accordingly will be ordered canceled and the carriers ordered to maintain for the future rates not in excess of those now in effect, including the increase authorized in *The Five Per Cent case, supra*.

We have never prescribed rates on ice to points on the Seashore branch of the Central Railroad of New Jersey. Complainant asserts that the traffic and operating conditions to such points justify no higher rates than the rates to equidistant points on the New York & Long Branch Railroad, to which the present rates are \$1.25, in box cars, and \$1.40, in ice cars. Higher rates are assailed as unreasonable. The carriers admit that the two lines named have substantially the same mileage and operate under substantially similar conditions so far as rates are concerned. The rate basis is the same in connection with both lines on all class traffic and on substantially all commodities. The only reason assigned to explain a different rate adjustment for ice is that the carriers regarded the rate of \$1.25 prescribed by us for shipments to New York & Long Branch Railroad points unduly low and published it only where required to do so.

We find that the rates on ice involved in protestant's complaint are and for the future will be unreasonable to the extent that they exceed \$1.32 per ton for shipments in ordinary box cars and \$1.48 per ton for shipments in ice cars, which rates are the same as the rates to points on the New York & Long Branch Railroad between Matawan and Long Branch.

Reparation is asked in the sum of \$575.08 on shipments alleged to have been moved during the period between July 24, 1913, and September 15, 1913. No witness with personal knowledge that the shipments involved had been made or that complainant had sustained damage appeared. Following *Griffing v. C. & N. W. Ry. Co.*, 32 I. C. C., 283, and similar cases, the claim for reparation will be denied. Orders will be entered in accordance with the findings expressed.

No. 7353.
NITRO POWDER COMPANY
v.
WEST SHORE RAILROAD COMPANY ET AL

Submitted March 15, 1915. Decided July 3, 1915.

Rates on high explosives from Kingston and Port Ewen, N. Y., to Boston, Mass., and to other New England points, found to be unreasonable. Through routes and joint rates prescribed for the future. Reparation awarded.

J. D. Gray and E. Metzger for complainant.

J. M. Sternhagen and E. S. Ballard for New York Central & Hudson River Railroad Company.

C. L. Andrus for New York, Ontario & Western Railway Company.

S. S. Perry for New York, New Haven & Hartford Railroad Company and Central New England Railway Company.

E. W. Abbott for Boston & Maine Railroad.

R. Van Ummersen for Boston & Albany Railroad Company.

George Cassidy for Rutland Railroad Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in manufacturing high explosives, with its principal place of business at Kingston, N. Y. By complaint, filed October 5, 1914, it alleges that the rates on high explosives from Kingston and Port Ewen, N. Y., to points of destination in the New England states are unreasonable and, in comparison with the rates on the same commodity from more distant points to the same destinations, are unjustly discriminatory and subject complainant and its traffic to undue prejudice and disadvantage. Reparation is asked and through routes and just and reasonable joint rates.

Kingston and Port Ewen are on the west bank of the Hudson River, approximately 90 miles north of Jersey City, N. J., and 50 miles south of Albany. The two points are less than 3 miles apart. Port Ewen is served by the West Shore Railroad; Kingston, by the West Shore and the New York, Ontario & Western Railway. Complainant ships from both points.

For some years the rates on high explosives from all producing points in eastern trunk line territory have been the same to Boston, Mass., and to Boston rate points. The rates are published as specific commodity rates. During most of the time involved the rates have been 50 cents per 100 pounds carloads, \$1 per 100 pounds less than carloads. The average distance from Kingston and Port Ewen to Boston is 255 miles; the revenues per ton-mile under the rates named more than 3.9 cents on carload shipments and nearly 7.85 cents on less-than-carload shipments. From Emporium, Pa., one of the more distant points from which the same rates applied, the longest route to Boston is 725 miles. The per ton-mile earnings over this route were more than 1½ cents for carloads, approximately 2¾ cents for less than carloads.

Defendants publish no joint rates from producing points in trunk line territory to some of the New England destination points involved. The through rates applicable are the joint rates to Boston or junctions taking the Boston rate, plus the local rates of the delivering carrier beyond. The local rates in New England in many, if not in all, instances are as high as the rates from trunk line territory to Boston. In such cases the through rates on high explosives in less than carloads amount substantially to four times the first-class rate from Pittsburgh to Boston; the through carload rates to double the first-class rate from Pittsburgh to Boston. No ratings are provided for high explosives in the official classification. High explosives move in official classification territory under ratings published in exceptions to the classification or at rates provided by the tariffs of the individual carriers. The traffic to or in New England territory moves at specific commodity rates. The rates from points in trunk line territory, previously named, amount, respectively, to the first-class rate and double the first-class rate from Pittsburgh to Boston.

Defendant New York, New Haven & Hartford Railroad explains that there are no manufacturers of high explosives in New England, although there are stores and depots from which high explosives are distributed either by wagon or by rail, generally in less-than-carload lots. The New Haven charges 1 cent per pound, minimum charge \$1, on all local shipments in quantities of 4,000 pounds or less; double first-class rates, minimum charge \$40, for quantities over 4,000 pounds. In making rates from points in trunk line territory this local rate on less than carloads is extended until it meets the double first-class rate to Boston from the Buffalo-Pittsburgh district. The New Haven desires to conserve the revenue derived from local traffic and to avoid joint rates less than the locals; also to put all producers in trunk line territory on an equal basis.

Normally the rates on high explosives in carloads should not exceed the rates on articles taking the first-class rating, while the less-than-carload rates should not exceed double first class. For some years a few articles coming under the general description of high explosives have had lower ratings than first class and double first class. The record indicates some differences between the conditions of transportation in New England territory and in trunk line territory, but nothing sufficiently substantial to warrant the difference in rates and rate structures described. Between points in official classification territory, except New England territory, the ordinary basis of rate making for high explosives is the percentage basis applied to rates not exceeding first class and double first class between Chicago and New York. To New England territory from points in central freight association territory the rates are generally on the percentage basis and not higher than first and double first class. The present rates from Kingston and Port Ewen to Boston and to points taking the same rates are 52½ cents per 100 pounds in carloads and \$1.05 in less than carloads. The present first-class rate from Kingston and Port Ewen to Boston is 35 cents per 100 pounds.

To some of the points involved the charges collected were unusually high, not only for the reasons given but because the carriers, as explained, had no joint rates in effect. Some of the defendants express willingness to establish joint rates to all points on their lines on less-than-carload as well as on carload shipments. Others decline to make such rates.

No good reason is offered for the absence of joint through rates in the past or for the refusal to establish them now. Through routes should be established to New England points and joint rates not in excess of the first class for carloads, and double first class for less than carloads, although the Boston & Maine Railroad need not carry high explosives through the Hoosac tunnel in violation of the state statute against it. The Boston & Maine, however, has available connections with other lines through which all points on its lines may be reached without traversing the Hoosac tunnel. The rates herein found reasonable and prescribed as maxima for the future are sufficiently high to provide adequate revenue for the service involved.

Upon all the facts of record we find that the rates on high explosives from Kingston and Port Ewen to Boston and to other points in New England have been, are, and for the future will be, unreasonable and excessive to the extent that they exceed the first-class and double first-class rates contemporaneously applicable from Kingston and Port Ewen to the same points; that complainant has made shipments since October 6, 1912, on which it was charged rates herein found unreasonable; that it has been damaged to the extent of

the difference between the charges paid and the charges that would have accrued at the rates herein found to have been reasonable, and that it is entitled to reparation with interest. Complainant accordingly should prepare a statement showing as to each shipment on which reparation is claimed, the date of movement, point of origin, point of destination, route, weight, car number and initials, rate charged, and the amount of reparation due under our findings herein, which statement should be submitted to defendants for verification. Upon receipt of a statement so prepared by complainants and verified by defendants, we will consider issuing an order awarding reparation.

An appropriate order will be entered.

35 I. C. C.

No. 7396.

LUDOWICI-CELADON COMPANY

v.

FLORIDA EAST COAST RAILWAY COMPANY ET AL.

Submitted December 11, 1914. Decided July 3, 1915.

It is not unlawful for carriers uninformed as to contract relations between consignor and consignee to make refund of overcharge in the ordinary course of business to consignee named in the bill of lading. Complaint of consignor dismissed.

O. M. Rogers for complainant.

No appearance for defendant.

REPORT OF THE COMMISSION.

BY THE COMMISSION :

Complainant is a corporation engaged in the manufacture and sale of clay products, with principal office at Chicago, Ill. By complaint, filed October 17, 1914, it alleges that it was charged more than the published rates for the transportation of three carload shipments of roofing tile from Ludowici, Ga., to Homestead, Fla., and that defendants unlawfully have refunded to the consignee \$217.06 of the overcharge. Reparation is asked.

The shipments moved in October and November, 1913, over the Atlantic Coast Line Railroad and the Florida East Coast Railway. Complainant's contract for the sale of the shipments provided for delivery to consignees f. o. b. cars at Homestead. The bills of lading did not indicate the terms of the contract. Upon delivery of the shipments the consignee paid the freight charges and inclosed the paid freight bills to complainant with a check for the balance of the invoice. The auditor for defendant Florida East Coast Railway, in the ordinary course of business, detected the overcharge involved and issued corrected billing authorizing the agent at destination to make refund. The overcharge thereupon was refunded to and acknowledged by the consignee, the receipts bearing dates January 24, 1914, and January 29, 1914. Afterwards complainant discovered the overcharge and presented a claim for it to the Florida East Coast, which refused payment, advising complainant that refund already had been made properly in the usual course of business to the consignee.

Complainant contends that under its contract it was the owner of the shipments; that it was in possession of the original paid freight bills, which contained printed stipulations that they must accompany all claims when presented; that it is the custom of carriers in making refunds to require the surrender of the freight bills or account for their nonsurrender, and therefore that it was entitled to the refund, not the consignee. Complainant corrected its claim at the hearing to \$216.92. Defendant refunded \$217.06 to consignees. Tariffs on file show that the shipments were overcharged only \$213.31, so that now there is apparently an undercharge of \$3.75.

Carriers must refund promptly all charges unlawfully collected, and we have had occasion to censure any unnecessary delay by carriers in making refund. Possession of the freight bills is not the only competent evidence of the persons entitled to refund. If the acts of the real owner give the proposed payee the ostensible right to receive the refund, payment to the latter is valid. The consignee's acceptance of the goods here involved and payment of the freight charges constituted it the ostensible owner of the goods or agent for the real owner. Complainant was responsible for the representation. The delivering carrier was uninformed of the contract relations between complainant and the consignee, and under the circumstances disclosed was under no duty under the act to inquire into them. Payment of the refund to the consignee, therefore, was justified. Complainant really would have us adjudicate its rights and those of the consignee under the contract of sale, which is not our function. The complaint will be dismissed.

35 I. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 601.
DRAIN TILE FROM ILLINOIS POINTS.

Submitted May 11, 1915. Decided July 3, 1915.

Cancellation of commodity rates on drain tile in carloads from St. Anne, Woodland, Kankakee, and Beaverville, Ill., to stations in Wisconsin and Minnesota found not to be justified.

C. B. Cardy for Chicago & Eastern Illinois Railroad Company.

R. H. Widdicombe for Chicago & North Western Railway Company.

Walter Nichols for Cleveland, Cincinnati, Chicago & St. Louis Railway Company.

I. W. Prestorius and *O. M. Rogers* for protestants.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Chicago & Eastern Illinois Railroad supplement No. 28 to I. C. C. No. 2465 and Cleveland, Cincinnati, Chicago & St. Louis Railway supplement No. 6 to I. C. C. No. 6205, filed to take effect March 10 and April 5, 1915, respectively, proposed to cancel commodity rates on drain tile in carloads from St. Anne, Woodland, Kankakee, and Beaverville, Ill., to various points in Wisconsin, Minnesota, and the northern peninsula of Michigan. Upon protest filed by drain-tile companies at the points of origin named the tariffs were suspended until July 8, 1915, and subsequently further suspended until January 8, 1916.

Drain tile is rated class E in western classification. Several years ago commodity rates ranging from 1 cent to 5 cents per 100 pounds less than class E rates were established from St. Anne, Woodland, and other points named, to points in Wisconsin and Minnesota, to enable plants at the points of origin to compete with the drain-tile industries at Streator, Gilberts, and Dundee, Ill. The tariffs under suspension proposed to cancel the commodity rates described, leaving in effect class E rates, which range from 3 cents to 4 cents higher than rates from Gilberts and Dundee and from 2 cents to 3 cents higher than the rates from Des Moines and Mason City, Iowa, from which points also protestants meet competition. The following table

of rates, in cents per 100 pounds, to Grand Rapids, Wis., is illustrative:

To Grand Rapids, Wis., from—	Mileage.	Present rate.	Proposed rate.
St. Anne, Ill.....	305	9	11
Woodland, Ill.....	337	9	11
Kankakee, Ill.....	298.3	9	11
Beaverville, Ill.....	314.3	9	11
Des Moines, Iowa.....	550.3	9	.....
Mason City, Iowa.....	238.1	9	.....
Gilberts, Ill.....	245	9	.....
Dundee, Ill.....	229	9	.....
Streator, Ill.....	316	11	.....

St. Anne is 60 miles south of Chicago over the Chicago & Eastern Illinois Railroad, 65 miles over the Cleveland, Cincinnati, Chicago & St. Louis Railway, hereinafter called the Big Four. Woodland is 82 miles south of Chicago over the Chicago & Eastern Illinois Railroad; Kankakee, 54.4 miles over the Big Four; Beaverville, 71 miles over the Big Four.

Protestants state that the proposed rates would seriously injure their trade in Wisconsin and Minnesota, to which territory a large percentage of their shipments move, because competition from Gilberts, Dundee, Des Moines, and Mason City could not be met. Respondents assert that the rates from the points involved are not on a proper basis; that they are too low; and that they were lower when established than the rates then applicable from other Illinois producing points such as Streator, White Hill, Monmouth, Lombard, Gilberts, Dundee, and Chicago, which generally had class E rates. Exhibits were submitted showing the comparative car-mile and ton-mile earnings under the rates proposed to be canceled and the proposed rates from St. Anne, Woodland, and other points involved, based on an average carload of 39,000 pounds. The following table reproduces the comparisons for the traffic to Grand Rapids, Wis. Rates in cents per 100 pounds.

To Grand Rapids, Wis., from—	Present earnings.				Proposed earnings.			
	Rate.	Per car.	Per car-mile.	Per ton-mile.	Rate.	Per car.	Per car-mile.	Per ton-mile.
St. Anne and Woodland.....	9	\$35.10	0.107	0.0055	12	\$46.80	0.143	0.0071
Chicago.....	11	42.90	.175	.0089	.....	.....	.....	.....
Gilberts.....	9	35.10	.143	.0073	.....	.....	.....	.....
Dundee.....	9	35.10	.153	.0078	.....	.....	.....	.....
Streator.....	11	42.90	.136	.0069	.....	.....	.....	.....

Respondent, Chicago & Eastern Illinois Railroad, states that claims for damages average 10 per cent of the earnings on drain tile, as compared with a general average of 2 per cent for all traffic. Other respondents also contended that the risk justifies higher rates,

but protestants show that their particular output consists of tile of small dimensions and that the breakage amounts to less than 1 per cent; also that any available equipment, even of inferior character, can be used with safety for the transportation of drain tile. The rate from Chicago to Missouri River on drain tile is 12½ cents, but it was stated that few shipments of drain tile are made from Chicago.

The present rates are about the same as the rates on brick from northern Illinois producing points to the destinations involved. Respondents argue that they should be 2 cents or 2½ cents higher than rates on brick, because drain tile loads lighter than brick. However, the rates on drain tile from Des Moines and Mason City are the same as the rates on brick to some of the points of destination involved, less than the rates on brick to the remaining points. Respondents further state that the transportation from St. Anne, Woodland, Kankakee, and Beaverville is over the lines of two or more carriers, and that switching charges must be absorbed, whereas single-line movements obtain from Gilberts and Dundee to many points of destination involved over the North Western. The haul from Des Moines also is over a single line to many of the points involved, but the distances are considerably greater than from northern Illinois points. In *Transcontinental Commodity Rates*, 32 I. C. C., 449, we said:

The duty to prove that a certain rate is reasonable *per se* includes the duty to prove that it is relatively reasonable, i. e., that it does not operate to unjustly discriminate.

While there is merit in respondent's contention that rates should be higher for the two-line haul and greater distances from St. Anne and Woodland to destinations mentioned than rates for one-line hauls and shorter distances from Dundee and Gilberts, the situation at Des Moines can not be overlooked. Defendants, Chicago & North Western Railway and Chicago, Milwaukee & St. Paul Railway, are parties to the suspended rates. They also maintain the more favorable rates to the same destinations from Des Moines.

Upon the facts of record we find that respondents have failed to establish the propriety of the proposed increased rates and their cancellation will be ordered.

35 I. C. C.

No. 7153.

NEBRASKA BRIDGE SUPPLY & LUMBER COMPANY
v.
NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY
ET AL.

Submitted January 25, 1915. Decided July 3, 1915.

Rates charged for the transportation of low-grade cedar logs in carloads from Burrows Switch, Guntersville, Stevenson, Huntsville, Bridgeport, and Montague, Ala., and Belvidere and Jasper, Tenn., to Atlanta, Ga., found to be unreasonable to the extent that they exceed rates contemporaneously applicable to the transportation of common logs in carloads from and to the same points. Rates for the future prescribed accordingly.

E. J. McVann for complainant.

R. Walton Moore and *M. Carter Hall* for defendants.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in the wholesale lumber and forest products business, with principal office at Omaha, Nebr. By complaint, filed July 27, 1914, it alleges that rates charged for the transportation of cedar posts, poles, piling, and logs from Burrows Switch, Guntersville, Stevenson, Huntsville, Bridgeport, and Montague (Mount Carmel), Ala., and Belvidere and Jasper, Tenn., to Atlanta, Ga., between June 14, 1911, and February 25, 1913, were unreasonable and unduly prejudicial to Atlanta, in favor of other localities, to cedar in favor of other woods of equal or greater value, and to complainant in favor of competing dealers. Reparation is asked and the establishment of reasonable and nondiscriminatory rates for the future from all points on the Nashville, Chattanooga & St. Louis Railway. Claims on all of the shipments involved except two were filed within two years after they accrued.

Complainant produces cedar logs, posts, poles, and piling and ships them from points on the Nashville, Chattanooga & St. Louis Railway to Atlanta for manufacture into cedar slats for lead pencils. The shipments are carried by the Nashville, Chattanooga & St. Louis Railway, hereinafter referred to as defendant, to Chattanooga, Tenn., thence over a line leased by defendant from the Western & Atlantic Railroad to Atlanta.

Cedar logs suitable for manufacture into lumber or of sufficiently good quality to be exported are designated high-grade cedar. Cedar

logs too poor for manufacture into lumber or for export are designated low grade and are used chiefly for the manufacture of pencil slats. Practically no high-grade cedar is left in the territory served by defendant. Government experts assert that the supply of cedar is rapidly being exhausted, and that every available stick of cedar stock is being utilized by pencil manufacturers. The logs handled by complainant were low grade, consisting of cuts from small trees, stock that had been lying in the woods, logs taken from old buildings, and old stumps.

The distinction between posts, poles, and piling is somewhat vague, but each comes within the definition of a log contained in defendant's tariff: A section of a tree, any length, not rived, and with bark on.

A carload of low-grade cedar logs is worth from \$150 to \$170 at the loading point. The 33 cars shipped by complainant averaged 38,952 pounds per car. Any kind of equipment will do, and expedited service is unnecessary. Complainant contends that the service is very similar to the service required for the transportation of common logs worth from \$100 to \$250 per carload, averaging 40,000 pounds per car. Liability to loss or damage is negligible in both instances. Common lumber is worth on an average from \$200 to \$250 per carload and is more liable to damage in transit than logs. Cedar lumber, which takes the same rate as the cedar products shipped by complainant, ranges from \$300 to \$800 per car in value, and the transportation risk accordingly is greater. Closed cars are required. Complainant asks that defendant's rates on common logs may be applied to low-grade cedar logs.

In 1900 defendant published a distance tariff for distances up to 200 miles applicable to low-grade cedar logs for manufacture into cedar pencil slats to local points on its line where pencil slat factories are located. Substantially the same rates are now maintained as specific rates from junction points to slat factory points. The first three rate columns of the following table exhibit rates from the points of origin involved to Atlanta. In the fourth column are shown comparative rates for the distances given based on defendant's distance scale for low-grade cedar logs to its local slat factory points. Rates in cents per 100 pounds, minimum 30,000 pounds:

From—	Miles.	Cedar logs and lumber.	Common logs.	Common lumber.	Low-grade cedar logs.
Bridgeport, Ala.....	165.9	14	8	13	7½
Montague, Ala.....	172.7	15	8	13½	7½
Stevenson, Ala.....	175.3	14	8	10	7½
Jasper, Tenn.....	178	15	8	13½	7½
Belvidere, Tenn.....	215	17½	9½	16½	.....
Huntsville, Ala.....	264.6	16	10	12	.....
Burrows Switch, Ala.....	266.2	15	10	13	.....
Guntersville, Ala.....	291.5	15	10	13	.....

The Southern Railway maintains rates on low-grade cedar logs from points on its Memphis division to Decatur and other points in Alabama on about the same basis as defendant's distance scale as above exemplified. Complainant compares defendant's rate of 14 cents from Bridgeport to Atlanta with its rate of 7½ cents on low-grade cedar logs in the opposite direction from Atlanta to South Pittsburg, Tenn., 170.2 miles, with Bridgeport intermediate.

Dealers at points in southern Alabama and northern Florida, from which the rates to Atlanta are less than from the points of origin involved, are alleged to be unduly preferred. The alleged preferred points are not served by defendant, and any advantage in rates which they may have admittedly is due to their natural advantage of closer proximity to Atlanta. Common logs can not be utilized in making pencil slats and do not compete with cedar for that purpose. California redwood appears to be the only wood useful as a substitute for cedar as pencil material. It does not appear that consumers of low-grade cedar at Atlanta have not been able to compete successfully in the purchase of low-grade cedar logs with consumers located at local points on defendant's line on account of the rates assailed, nor that any preference accorded to consumers at such local points is undue.

About 890 miles of defendant's road, more than three-fourths of defendant's total mileage, lie within the state of Tennessee. The main line crosses two ranges of mountains and the country traversed is generally rough and broken with heavy grades, sharp curves, and tunnels. Data submitted by defendant for the year 1910 covering operating cost, revenue, and dividends paid, for carriers operating in territorial group V, including defendant, and for carriers operating in other territorial groups, for the purpose of showing relative conditions in the several territorial groups and establishing a basis of comparison between defendant's rates on common logs and the rates of carriers operating in other sections, shows that defendant's and other southeastern carriers' rate scales for common logs average lower for distances up to 300 miles than the scale rates of most of the other carriers named in the comparison; lower also than the average rates on common logs prescribed by public authority in Louisiana, Kansas, and Arkansas. However, defendant's scales for common logs were established voluntarily and are not asserted to be unremunerative. They are higher than the scale approved in *Chattanooga Log Rates*, 30 I. C. C., 36, for shipments from points on the Alabama Great Southern Railroad to Chattanooga, Tenn.

Defendant insists that cedar logs are "wood of value" on which higher rates are maintained generally than on common logs. High-grade cedar logs undoubtedly are wood of value. Defendant, however, recognizes low-grade cedar logs of the kind produced and

shipped by complainant as a distinct commodity, and, as stated, applies rates on low-grade cedar logs to local pencil factory points lower than the rates applicable on high-grade cedar logs or common logs. Its assertion that these rates were established as an experiment and proved to be a mistake comes too late, at the end of 14 years.

Defendant's witness testified that defendant realized the need for uniformity in its rates on low-grade cedar logs and submitted a proposition to make the pine lumber distance scale applicable generally on all cedar products, except cedar lumber and boards and squared cedar, not because of any similarity between pine lumber and cedar products, but because it was felt that it would be a fair adjustment of the situation. The proposed scale would result in reductions varying from 1 cent to 3½ cents per 100 pounds from six of the points specified in the complaint and an increase of 1 cent from two points. Rates to local pencil factory points also would be increased.

Upon all of the facts of record we find that the rates charged by defendant for the transportation of low-grade cedar logs in carloads from Burrows Switch, Guntersville, Stevenson, Huntsville, Bridgeport, Montague (Mount Carmel), Belvidere, and Jasper, to Atlanta are not shown to be unduly prejudicial, but that they are unreasonable and for the future will be to the extent that they exceed the rates contemporaneously applied to the transportation of common logs in carloads from the same points of origin to Atlanta.

The complaint asks the establishment of rates from all points on defendant's line. Complainant's testimony, however, related particularly to the points of origin specified in the complaint, and a more complete showing of conditions surrounding this traffic on defendant's entire system is essential to a finding giving a rule for general application.

Defendant's rates on cedar logs originally were published for the movement of high-grade cedar and are not questioned in their application to high-grade cedar logs. The gradual disappearance of high-grade cedar and the establishment of pencil slat factories in the territory involved created a market for low-grade cedar logs for manufacture into pencil wood. Under these circumstances we find that reparation should not be awarded on shipments of low-grade cedar logs which moved prior to our finding herein, and complainant's claim for reparation accordingly is denied.

An appropriate order will be entered.

No. 7018.
NEBRASKA BRIDGE SUPPLY & LUMBER COMPANY
v.
ALABAMA GREAT SOUTHERN RAILROAD COMPANY
ET AL.

Submitted January 25, 1915. Decided July 3, 1915.

1. Rates for the transportation of low-grade cedar logs in carloads from Wauhatchie, Tenn., New England, Sulphur Springs, and Rising Fawn, Ga., and Keener, Portersville, Collinsville, and Argo, Ala., to Atlanta, Ga., found to be unreasonable to the extent that they exceed the rates contemporaneously applicable to the transportation of common logs in carloads from and to the same points. Rates on this basis prescribed for the future.
2. Reparation awarded on shipments on which joint rates in excess of the aggregate of intermediate rates were charged.

E. J. McVann for complainant.

R. Walton Moore and *M. Carter Hall* for defendants.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in the wholesale lumber business, with principal office at Omaha, Nebr. By complaint, filed June 15, 1914, it alleges that rates charged for the transportation of 34 carload shipments of cedar poles, posts, piling, and logs from Wauhatchie, Tenn., New England, Sulphur Springs, and Rising Fawn, Ga., and Keener, Portersville, Collinsville, and Argo, Ala., to Atlanta, Ga., between June 14, 1911, and April 8, 1914, were unreasonable and unjustly discriminatory in comparison with the rates applicable to the transportation of common and cedar lumber, and in violation of section 4 of the act. Reparation is asked and the establishment of reasonable and nondiscriminatory rates for the future. The claims were presented within two years after they accrued.

The shipments consisted of low-grade cedar logs, including posts, poles, and piling, not suitable for manufacture into lumber or for export, intended for manufacture into pencil slats, averaging 35,338 pounds per car, and worth from \$150 to \$170 per car. The service required for such shipments, the equipment used, and the likelihood of loss or damage in transit are about the same as for common logs

averaging 40,000 pounds per car and worth from \$100 to \$250 per car. Common lumber worth from \$200 to \$250 per carload is more liable to damage in transit than low-grade cedar logs. Cedar lumber is worth from \$300 to \$800 per carload and can not be shipped in open cars.

The points of origin involved are local points on the Alabama Great Southern between Birmingham, Ala., and Chattanooga, Tenn., except Wauhatchie, which is served also by the Nashville, Chattanooga & St. Louis Railway. The shipments moved over the originating line to Chattanooga, or Birmingham, and thence over the Southern Railway or Central of Georgia Railway to Atlanta. Joint rates apply over the Alabama Great Southern and Southern Railway except from Wauhatchie and Argo. The Central of Georgia and Nashville, Chattanooga & St. Louis railways do not participate in joint rates. The subjoined table shows the rates, in cents per 100 pounds, to Atlanta; column 1, joint rates, column 2, combination rates, in effect in connection with the Central of Georgia and Nashville, Chattanooga & St. Louis railways. Column 3 shows the rates asked by complainant at the hearing in lieu of the rates asked in the complaint, which were based on the joint rate of 11 cents applicable on common and cedar lumber from the points of origin involved to Atlanta, except from Wauhatchie, intermediate, to Atlanta from New England, where a combination rate of 11 cents applies on lumber.

From—	Miles.	1	2	3
Wauhatchie, Tenn.....	143	None.	14	9
New England, Ga.....	152	16½	14½	9½
Rising Fawn, Ga.....	163	17	15	10
Sulphur Springs, Ga.....	166	17½	15½	10
Argo, Ala.....	188	None.	15	13
Portersville, Ala.....	196	17	16	11½
Collinsville, Ala.....	203	17	16	11½
Kemper, Ala.....	212	16½	16	12½
Average.....	178.3	16.67	15.23	10.67
Average ton-mile earnings.....		1.69	1.71	1.219

¹ Combination on Birmingham, Ala.

The rates asked are the distance rates on common logs from the points of origin involved to Chattanooga based on the scale approved in *Chattanooga Log Rates*, 30 I. C. C., 36, plus the rate of 7 cents on common logs and lumber from Chattanooga to Atlanta. These rates are asked in connection with the Nashville, Chattanooga & St. Louis, which operates the Western & Atlantic Railroad from Chattanooga to Atlanta, as well as in connection with the Central of Georgia and the Southern.

The combination rates over the Alabama Great Southern-Southern route are the same as over the other routes and less than the joint 35 I. C. C.

rates shown. The joint rates were established in 1911 without the necessary authority for departures from the aggregate of intermediate rates rule of the fourth section. The carriers admit they were published unlawfully and state that they will be canceled. They should be canceled and without delay.

Rates on logs and lumber from the producing territory involved to Atlanta are blanketed, defendants state, to enable producers on the Alabama Great Southern to compete for Atlanta business with producers on lines having direct routes from Chattanooga and Birmingham and Attalla, Ala., midway between Chattanooga and Birmingham. Defendants state also that southern lines' rates on cedar logs and lumber generally are made 3 cents higher than the rates on common lumber, but with the admission that the 11-cent rate described on lumber applies without restriction as to kinds of wood, and that it would apply on cedar lumber. The admission is qualified in turn by the statement that cedar lumber was not excluded, because the cedar grown along the Alabama Great Southern's line is not and never has been of sufficient size for manufacture into lumber. A blanket rate of 14 cents from all of the points involved is proposed. Rates of 16 cents on cedar logs and lumber are cited by defendants, applicable from the points of origin named in the complaint to Nashville, for distances ranging from 157 miles to 273 miles; rates ranging from 12.5 cents to 16.5 cents from the same points to Greenville, Ala., by way of Birmingham and the Louisville & Nashville Railroad, for about the same distances; a rate of 14 cents on cedar logs and lumber from points on the Pensacola and Atlantic division of the Louisville & Nashville Railroad to Greenville; a rate of 16½ cents from points on the Seaboard Air Line between Atlanta and Birmingham to Athens, Tenn.; a rate of 14 cents from points on the Georgia Railroad to Chattanooga; and a rate of 16 cents from points on the Northern Alabama Railway and on the Louisville & Nashville Railroad south of Decatur, Ala., to Nashville, Ala., for about the same distances. The rates cited are 3 cents higher generally than the corresponding rates on common logs and lumber and apply without distinction to high-grade and low-grade cedar logs.

A transcript of portions of the testimony in *Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry.*, ante, page 86, was made a part of the record herein. We held in that case that the rates on low-grade cedar logs from certain points on the Nashville, Chattanooga & St. Louis Railway in Alabama and Tennessee to Atlanta were unreasonable to the extent that they exceeded the rates contemporaneously applicable to common logs from and to the same points. No substantial difference in transportation conditions appears for the transportation involved in this case, and upon all of the facts disclosed we find that defendants' rates for the transports-

tion of low-grade cedar logs in carloads from Wauhatchie, New England, Sulphur Springs, Rising Fawn, Keener, Portersville, Collinsville, and Argo to Atlanta are unreasonable to the extent that they exceed the rates contemporaneously applicable to the transportation of common logs in carloads from the same points of origin to Atlanta, which basis will be prescribed as a reasonable maximum basis for the future. Reparation was denied in the *Nebraska Bridge Supply & Lumber Co. case* cited, and following that case will be denied here except as hereinafter stated. We find no unjust discrimination. As previously stated, cedar lumber is not produced in the producing territory involved. And as low-grade cedar logs are used chiefly for pencil wood and constitute practically the only kind of wood used for making pencils except California redwood, such logs do not compete with other varieties of logs and lumber.

We further find that complainant made shipments of low-grade cedar logs from New England, Rising Fawn, Sulphur Springs, Collinsville, and Keener to Atlanta in accordance with the foregoing statement of facts and paid and bore charges thereon at joint rates in excess of the aggregate of the intermediate rates applicable; that the charges paid were unreasonable; that complainant has been damaged to the extent of the difference between the charges paid and the charges that would have accrued on the basis of the aggregates of intermediate rates applicable, and that it is entitled to reparation with interest. As the precise amount of reparation due can not be determined from the record, complainant should prepare a statement showing as to each shipment on which reparation is due the date of shipment, points of origin and destination, car number and initials, route, weight, rate applied, charges collected, and the amount of reparation due under our findings herein, which statement should be submitted to defendants for verification. Upon receipt of a statement so prepared by complainant and verified by defendants, we will consider further issuing an order awarding reparation.

Undercharges of 83 cents and \$1.73 are outstanding on two shipments that originated at Sulphur Springs and New England, respectively, delivered at Atlanta by the Central of Georgia. A further undercharge of 91 cents on a shipment from Sulphur Springs delivered by the Southern Railway may be waived, as reparation is due on that shipment in excess of the undercharge.

No. 7026.
OKLAHOMA COTTONSEED CRUSHERS ASSOCIATION
v.
MISSOURI, KANSAS & TEXAS RAILWAY COMPANY ET AL

No. 7048.
SAME
v.
ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY
ET AL.

FOURTH SECTION APPLICATIONS Nos. 626 AND 641.

Submitted December 12, 1914. Decided July 7, 1915.

Present rates on cottonseed oil from producing points in Oklahoma to Kansas City, Mo. and on cottonseed cake, meal, and hulls from the same producing points to points in Kansas, Missouri, Colorado, Nebraska, and Iowa, found to be unreasonable and unjustly discriminatory. Reasonable maximum rates for the future prescribed.

J. M. Aydelotte for complainant.

G. A. Henshaw and *L. Bennett* for Corporation Commission of Oklahoma.

W. H. McGuffey for Procter & Gamble Manufacturing Company.

C. D. Dooley for Peet Brothers Manufacturing Company.

C. S. Burg for Missouri, Kansas & Texas Railway Company.

W. T. Hughes for Chicago, Rock Island & Pacific Railway Company.

A. A. Hurd for Atchison, Topeka & Santa Fe Railway Company.

Thomas Bond for St. Louis & San Francisco Railroad Company and receivers thereof.

H. L. Traber for Missouri, Oklahoma & Gulf Railway Company and receivers thereof.

Eugene Mock for Midland Valley Railroad Company.

REPORT OF THE COMMISSION.

MEYER, Commissioner:

The single complainant in these cases, which were heard together and will be disposed of in one report, is an association of cotton seed crushers in Oklahoma. The complaint in No. 7026, filed July

22, 1914, involves rates on cottonseed oil from 47 producing points in Oklahoma to Kansas City, Mo. The complaint in No. 7048, also filed June 22, 1914, involves rates on cottonseed cake, meal, and hulls from the same producing points to destinations in Kansas, Missouri, Colorado, Nebraska, Iowa, and other states. The challenge in both complaints is that the rates are unreasonable *per se* and unjustly discriminatory in favor of competing points in the adjacent state of Arkansas. Although not directly referred to in the complaints, at the hearing counsel for complainant assailed the grouping of the points of origin in Oklahoma as unreasonable, and considerable testimony with respect to that contention was adduced.

The complaint in No. 7026, moreover, alleges that in some instances the rates charged by defendants are in violation of the fourth section of the act. Accordingly those portions of Fourth Section Applications Nos. 626 and 641, filed by F. A. Leland, agent, which seek authority to charge rates on cottonseed oil from the points of origin involved to Kansas City lower than the rates contemporaneously applicable on like traffic to intermediate points, were set for hearing with the complaints.

Representatives of the Corporation Commission of Oklahoma appeared in both cases and supported complainant's contentions without a written petition. The Procter & Gamble Manufacturing Company and Peet Brothers Manufacturing Company, located in Kansas City and extensive buyers of Oklahoma cottonseed oil, were also represented and contended in No. 7026 that as Kansas City is but 165 miles from the Oklahoma border and but 343 miles from the center of that state, it is entitled to the advantages of its location; that considering its proximity to Oklahoma the basis of grouping points varying 257 miles to 500 miles distant from Kansas City is unreasonable and prejudicial to that city.

The present rate on cottonseed oil from 44 of the producing points enumerated to Kansas City is 25 cents per 100 pounds. The present rate on cottonseed cake, meal, and hulls from all of the producing points involved to Kansas City is 17 cents per 100 pounds, which rate also applies to points in Kansas intermediate over the direct lines, forming a triangular blanket of rates to points in the southeast corner of that state. To points beyond this blanket the rates gradually increase with the distances. The rates from the producing points involved to Kansas City constitute a blanket extending 245 miles north and south and 250 miles east and west. The minimum distance from points within this blanket to Kansas City is 257 miles and the maximum distance 508 miles.

It is to be observed at the outset that the rates assailed in the instant case have been considered by the Commission in other pro-

ceedings. In *Anadarko Cotton Oil Co. v. A., T. & S. F. Ry. Co.*, 20 I. C. C., 43, the rates on cottonseed oil, cake, meal, and hulls from the same points of origin to practically all consuming markets were in issue. The Commission held in that case that the rate of 17 cents on cake, meal, and hulls to Kansas City, which was also the rate from competing points in Arkansas to the same destinations, was not unreasonable or unjustly discriminatory; the rate of 25 cents on oil to Kansas City was found to be excessive to the extent that it exceeded 20½ cents. The rates on oil from three producing points without the blanket were also found excessive. Commenting on the grouping of producing points in Oklahoma the Commission said, at page 47:

The reasons for the establishment of this group at a common rate, regardless of the differences in the distances, do not appear, because the reasonableness of this group has not been challenged and the grouping has not been attacked. Only the rate from this group is called in question.

In disposing of that case the Commission allowed the carrier defendant the option either to reduce the group rates on cottonseed oil to 20½ cents or to change the grouping of the points of origin. As the carriers failed to adopt either of these alternatives and the Commission was not fully satisfied with the adequacy of the record before it as a basis for a specific order, the case was assigned for further hearing. At the second hearing, *Anadarko Cotton Oil Co. v. A., T. & S. F. Ry. Co.*, 24 I. C. C., 327, complainants contended that owing to influences that fixed the market price of cottonseed oil, the reduction to Kansas City suggested by the Commission in its report would be of little or no advantage to them without similar reductions to St. Louis, Mo., Cincinnati, Ohio, and Louisville, Ky., and that the effect of an order in accordance with its findings would be to center the cottonseed oil trade at Kansas City to the exclusion of these other markets. Although the defendants asserted that they had no intention to reopen the case or endeavor to secure any different conclusions than those originally reached by the Commission, they presented new exhibits comparing the rates involved with the rates on petroleum from points in Kansas to destinations in Oklahoma; also with the rates on wheat from Wichita, Kans., to points in Texas. Upon a consideration of the record as thus extended the Commission was not fully satisfied that it was correct in the view adopted after the first hearing, and in the light of the original and supplemental evidence dismissed the complaint. The Commission remarked in its supplemental report, at page 328:

It was the group rate that was attacked in the original proceeding, particularly in its application to Cincinnati, Kansas City, Louisville, and St. Louis, and neither the complainants nor the defendants suggested that the complaint be dealt with on any other than the group basis.

Parts of the record in the *Anadarko case* were introduced as evidence in the instant case.

During the years 1911, 1912, and 1913 Oklahoma crushed an average of 298,060 tons of cotton seed per year. It is estimated that a ton of seed produces 38 gallons of oil and that a gallon of oil weighs 7½ pounds. On the basis of these averages the total annual production of Oklahoma is about 84,957,000 pounds of oil. Crude cottonseed oil is now transported exclusively in tank cars, loading about 55,000 pounds to the car. Based on these figures it is estimated that during the three-year period ended 1913 Oklahoma delivered to the carriers approximately 1,544 cars of cottonseed oil per year. Between 66 and 75 per cent of this oil is shipped to Kansas City. The record does not disclose the amount of cake, meal, and hulls produced from a ton of cotton seed, but in *Memphis Cotton Seed Oil Co. v. I. C. R. R. Co.*, 17 I. C. C., 313, 315, it is stated that a ton of seed will ordinarily produce 775 pounds of meal and cake and 725 pounds of hulls. Using these figures as a basis it is estimated that during the three-year period mentioned above Oklahoma produced a yearly average of 115,498 tons of meal and cake and 108,046 tons of hulls. A large percentage of the cake, meal, and hulls is fed to live stock at and near the points of origin. The record does not indicate the destinations to which the balance is shipped, but in the *Anadarko case* it was shown that during the season of 1908-9 the distribution of 124,743 tons of cake, meal, and hulls was as follows: Oklahoma, 14 per cent; Texas, 25 per cent; Kansas, 24 per cent; Colorado, 7 per cent; New Mexico, 5 per cent; Minnesota, 2 per cent; Nebraska, 4 per cent; Iowa, 7 per cent; Missouri, 8 per cent; and states east of the Mississippi River, 4 per cent.

On no other commodities produced in Oklahoma are the rates blanketed so extensively as on cottonseed products. Although witness for defendant testified that the rates on grain and live stock from points in Oklahoma to Kansas City were blanketed, an examination of the tariffs on file with the Commission fails to sustain this statement. The rates on wheat and corn range from 15 and 12 cents, respectively, from Tulsa in the northeastern corner of Oklahoma to 26½ and 24½ cents, respectively, from Hollis in the southwestern corner of the state. The rates on cattle and calves range from 18½ cents from Tulsa to 33½ cents from Hollis. The rates on grain and live stock bear a consistent relation to the varying distances. Without specifying particular points and rates, the same general situation obtains with reference to class rates. Even the rates on petroleum and its products, which are produced in a comparatively limited area of Oklahoma, are not entirely blanketed; for example, the rate on petroleum from Muskogee and Tulsa to Kansas City is 15 cents; from Chandler and Oklahoma City, more distant points, 17 cents.

At the time the complaints were filed the minimum distance from points within the blanket of rates involved to Kansas City was 257 miles and the maximum distance 508 miles. The first cottonseed mills in Oklahoma were erected in 1894 at Ardmore and Purcell, points situated in the southern portion of the state, at that time 499 miles and 462 miles, respectively, from Kansas City. On account of changes in routes these points are now 37 miles nearer to Kansas City. As the cotton belt gradually spread northward mills were located in the central and later in the northern sections of the state. Many new lines of railway, opening new sections of Oklahoma and reducing the distances from the old sections, have been constructed within the past 20 years. The building of the Kansas City, Mexico & Orient and Wichita Falls & Northwestern railways reduced the distances from points in western Oklahoma to Kansas City; the Midland Valley and extensions of the Atchison, Topeka & Santa Fe and Missouri, Kansas & Texas railways reduced the distances from the central and southern sections of the state; and the Missouri, Oklahoma & Gulf Railway reduced the distances from points in the eastern portion of the state. The extension of the Missouri, Kansas & Texas Railway to Oklahoma City reduced the short-line distance from that point to Kansas City from 385 miles to 343 miles. In the first *Anadarko case*, submitted in 1910, the Commission found the average distance from points within the Oklahoma blanket to Kansas City to be 417 miles; at the present time, by reason of the building of new mills farther northward and the construction of new rail lines, the average distance is 398 miles, a reduction of 19 miles in four years. But this distance does not necessarily represent the average haul on the blanket rates to Kansas City. The record shows that 57 per cent of the seed is crushed at points 398 miles and less from Kansas City, or 14 per cent more than at points situated beyond the average distance from the blanket points to Kansas City. The record indicates that the present center of production in the blanket is not far from Oklahoma City, the geographical center of the state, and 343 miles from Kansas City.

With respect to oil, Kansas City is the only destination involved. It will therefore be unnecessary to trace the transition of the destination center of that commodity. Prior to 1900 cake, meal, and hulls were used for feeding live stock in the territory adjacent to Kansas City and east of the Missouri River. The amount of these commodities used west of Topeka, Kans., for feeding purposes was negligible until experienced feeders were sent from the Oklahoma mills to educate cattlemen in the proper use of cottonseed products as cattle food. From Kansas City the territory in which these commodities are consumed has spread to practically all of the cattle-feeding states. At the present time 25 per cent of the cake, meal, and

hulls shipped from Oklahoma is destined to points in Kansas alone. In the first hearing of the *Anadarko* case it was shown that of 406 cars transported by the Chicago, Rock Island & Pacific Railway from points in Oklahoma during the three months ended January, 1909, but 1 car was destined to Missouri River points, while 90 cars found destinations in Kansas and Colorado.

The first rate published on cottonseed oil from Ardmore was 30 cents per 100 pounds, minimum weight 30,000 pounds, in barrels or tank cars. This rate yielded a revenue of 18 cents per car-mile. Subsequently, as mills were built north of Ardmore and Purcell, the 30-cent rate was applied to the new points of origin. In 1904 this rate was reduced to 25 cents per 100 pounds, which rate is in effect at the present time. To-day this commodity moves exclusively in tank cars and averages 55,000 pounds per car. During the year 1910 the actual average load per car of oil from points in Oklahoma to interstate destinations was 58,908 pounds. Using 55,000 pounds as the average load it is estimated that the present carload earnings on oil from Oklahoma to Kansas City are \$137.50, which on the basis of an average haul of 343 miles produces a car-mile revenue of 40 cents. This is about twice as much as the car-mile revenue derived on the 30-cent rate originally published from Ardmore. Since then the traffic has grown from nothing to a total of 1,544 cars per year, more than 1,000 of which move to Kansas City. As testing the reasonableness of the present rate on oil many comparisons were made with the rates on other commodities. These exhibits have been verified and consolidated in one table. The rates shown are from three representative points of origin: Tulsa in the northern, Oklahoma City in the central, and Hugo in the southern part of the state. Rates are stated in cents per 100 pounds.

Commodity.	Minimum weight.	To Kansas City from—		
		Tulsa, 267 miles.	Ok- lahoma City, 343 miles.	Hugo, 477 miles.
Cottonseed oil.....	55,000 pounds ¹	25	25	25
Petroleum.....	Capacity of car.....	15	17	21
Packing-house products.....	30,000 pounds.....	18½	17	21
Cattle and calves.....	22,000 pounds ¹	18½	20	21½
Wheat and articles taking same rates.	From 30,000 pounds on flour to visible capacity of car on wheat.	15	20	22½
Corn and articles taking same rates.	From 30,000 pounds on corn products to visible capacity of car on corn.	12	17	21

¹ Average loading.

² Applies from Fort Worth and Dallas, Tex., approximately 510 miles to Kansas City.

³ Per standard car of 36 feet.

The rate of 17 cents on packing-house products from Oklahoma City to Kansas City is applied to such commodities as cottonseed cooking oil, which is cottonseed oil refined to a high degree, grease, 25 I. C. C.

lard oil, neat's-foot oil, oleo oil, tallow oil, stearine, and tallow, all of which may move in tank cars.

One of the Kansas City interveners contends that the blanket rate of 25 cents on cottonseed oil from points in Oklahoma to Kansas City is unreasonable when compared with the rate of 35 cents to Chicago. The average distance from Kansas City to Chicago is about 500 miles, which, added to the average haul of 343 miles from Oklahoma City to Kansas City, makes a total haul of 843 miles as the average distance from the Oklahoma blanket to Chicago. On the basis of these figures Kansas City is paying 71 per cent of the Chicago rate for a haul approximating 41 per cent of the distance to Chicago. The rates on other commodities from Kansas City to Chicago bear a more consistent relation to the relative distances. For example, the rate on packing-house products, which includes cottonseed cooking oil and many other commodities moving in tank cars, from Oklahoma City to Chicago is 37 cents per 100 pounds. On these commodities Kansas City pays 46 per cent of the Chicago rate for a haul approximating 41 per cent of the distance to Chicago.

Defendants refer to the rates on refined petroleum and its products from refining points in Kansas and Missouri to certain points in Oklahoma, prescribed by the Commission in *State of Oklahoma v. C., R. I. & P. Ry. Co.*, 15 I. C. C., 42, as demonstrating the reasonableness of the present rate on cottonseed oil. The decision in that case was rendered in January, 1909, when Oklahoma was largely dependent upon other states for its kerosene and other petroleum products. Since then refineries have been built in Oklahoma and the rates from these refineries to destinations in Oklahoma are lower than the rates prescribed by the Commission from refining points in Kansas.

Defendants also refer to the rates on wheat from Wichita, Kans., to group 1 points in Texas prescribed by the Commission in *Farmers, etc., Club v. A., T. & S. F. Ry. Co.*, 12 I. C. C., 351. In that case the rate prescribed was 30 cents and involved a haul over two or more lines for an average distance of 413 miles. On this rate wheat may be stopped in transit, unloaded and reshipped to any point in the group at the through rate. The reshipments may involve an out of line haul over short lines in Texas with which the originating lines must divide the through revenue. All of these facts were considered in prescribing the rate of 30 cents. While defendants use the rate of 30 cents on wheat as a basis for comparisons in this case, it is to be noted that the Commission prescribed a rate of 27 cents on corn and articles taking the same rates, some of which carry a minimum weight much lower than that on either wheat or corn. It may be added that the Commission also prescribed rates of 25 and 22 cents on corn and wheat, respectively, from Wichita to Galveston, Tex., for export, a distance of 724 miles.

The present rate of 17 cents on cottonseed cake, meal, and hulls from producing points in Oklahoma to Kansas City has been in effect since the inception of the Oklahoma mills. While the average haul from the milling points to Kansas City has been reduced from 499 miles to 343 miles, a reduction of approximately 30 per cent, it should be observed that the rate of 17 cents to Kansas City formerly applied to an extensive group of points beyond Kansas City which, for example, extended on the Atchison, Topeka & Santa Fe Railway as far as Mendota, Mo., at that time 97 miles northeast of Kansas City. This destination group has been gradually diminished until at the present time it extends only about 10 miles east of Kansas City, the last point on the Atchison, Topeka & Santa Fe Railway included in the group being Sugar Creek, which is less than 10 miles east of Kansas City. The average distance between the points of origin and destination to which the rate of 17 cents is applicable, therefore, has been greatly decreased not only on account of the transition of the center of production in Oklahoma, but also because of material contraction of the destination group taking the Kansas City rate.

Defendants used Kansas City as a basing point upon which to construct their original adjustment of rates on cottonseed cake, meal, and hulls, because originally Kansas City was an important market for these commodities. A great deal of cake and meal was billed to Kansas City and, when sold, diverted to final destinations in Kansas. The rate of 17 cents adopted as a basing rate was the rate then in effect from Arkansas producing points to Kansas City. While it was applied as a maximum rate at intermediate points in Kansas on the direct lines, the primary consignments, as stated above, were made to Kansas City, thence to destinations. At the present time none of these products is shipped primarily to Kansas City for reshipment to points in Kansas, but all are transported directly to final destinations. Witness for complainant testified that most of these products handled northbound by the Atchison, Topeka & Santa Fe are now consigned in the first instance to Arkansas City, just beyond the Oklahoma-Kansas border, and from there transported to the consuming points. The record does not indicate the destination center in Kansas to which the rate of 17 cents is applicable, but it is obviously somewhere near the center of the triangular group of points now taking that rate. Geographically, Yates Center, a point 128 miles southwest of Kansas City on the Missouri Pacific, is about the center of this blanket. It is therefore apparent that the transportation of the cake and meal direct to the consuming points instead of through Kansas City has decreased the average haul on the rate of 17 cents. The distance from Tulsa, the most northerly milling point in the Oklahoma group, to Caney, the first destination point in

Kansas, is 69 miles. The distance from Oklahoma City, the present center of production, to Yates Center, the geographical center of the Kansas triangular group, is 245 miles. These facts demonstrate that the average haul which the defendants must make on the rate of 17 cents has been reduced approximately 50 per cent since the inception of the traffic. In the meantime the business has grown from nothing to approximately 125,000 tons per year, 25 per cent of which finds destination within the state of Kansas.

Representative of some of the mills in northern Oklahoma directed attention to the fact that the rates on cake and meal from Kansas City to points in Oklahoma were lower than the rates from points in Oklahoma to Kansas City. No satisfactory justification for this adjustment was submitted by defendants. Selecting Tulsa, Oklahoma City, and Hugo as points typical of the northern, central, and southern sections of Oklahoma, the comparative north and south bound rates on cake and meal are as follows:

	Tulsa, 267 miles.	Oklahoma City, 343 miles.	Hugo, 477 miles.
To Kansas City.....	17	17	17
From Kansas City.....	13	17	21

The above rates from Kansas City also apply on linseed meal, alfalfa meal, brewers meal, corncob meal, corn-germ meal, and gluten meal, with minimum weights approximating those applicable on cottonseed cake and meal.

Cottonseed cake, meal, and hulls are competitive with corn for livestock feeding purposes. In many tariffs defendants make the rates on corn applicable also on cottonseed cake and meal. The tariffs which name southbound rates on cake, meal, and hulls from Kansas City to points in Oklahoma also name numerous distance rates applicable on traffic moving in this same general territory. The following table for distances from 100 miles to 700 miles will indicate the general level of these rates:

Miles.	Rock Island, I. C. C. C-9691.		Frisco, I. C. C. 6706.	M., K. & T., I. C. C. A-3637.	Santa Fe, I. C. C. 6922.
	Kansas, in- terstate.	Kansas-Okla- homa.	Missouri, Kansas, Oklahoma.	Missouri, Kansas, Oklahoma.	Nebraska, Kansas, Missouri, Oklahoma.
	Cents.	Cents.	Cents.	Cents.	Cents.
100.....	7	9½	9½	9½	9
150.....	10	12½	12½	12½	12
200.....	11½	13½	13½	13½	13
250.....	12	14½	14½	14½	14
300.....	12½	15½	15½	15½	15
350.....	13½	17	17	17	17
400.....	14½	18½	18½	18½	18
450.....	15½	21	21	21	21
500.....		23	23	23	23
600.....			25		25
700.....					25

NOTE.—In Rates on Grain and Grain Products, 33 I. C. C., 452, 455, the Commission found that the Kansas-Oklahoma interstate rates were voluntarily established by the carriers.

The rates on corn and cottonseed cake and meal effective in Kansas, Oklahoma, and Missouri are shown in the following table. The tariffs naming the Oklahoma and Missouri rates carry notices that the rates were prescribed by the respective state commissions and were adopted under protest. In *Rates on Grain and Grain Products, supra*, the Commission found that the grain rates in Oklahoma were made by agreement between the carriers and the corporation commission of that state.

Miles.	Oklahoma.			Kansas. Corn, cottonseed cake, meal.	Missouri. Corn.
	Corn.	Cottonseed cake, meal.	Cottonseed cake, hulls.		
	Cents.	Cents.	Cents.	Cents.	Cents.
50.....	5.5	7.8	5.4	5.5	5.5
100.....	7.0	10.2	6.4	7.0	6.5
150.....	10.0	12.2	7.4	10.0	7.5
200.....	11.5	13.9	8.4	11.0	8.5
250.....	12.0	15.4	9.4	11.75	9.5
300.....	12.5	16.9	10.0	12.25	10.5
350.....	13.5	17.9	10.0	13.0	11.5
400.....	14.5	18.4	10.0	14.0	12.5
450.....	14.5	18.4	10.0	14.5	13.5
500.....	14.5	18.4	10.0	.....	14.5

Most of the evidence introduced by both complainant and defendants consists of comparisons of the rates involved with the rates on the same commodities from points in Arkansas to Kansas City. During the three-year period ended 1913 Arkansas produced a yearly average of 275,952 tons of cottonseed, approximately 20,000 tons less than Oklahoma. The 1913 report of the Census Bureau shows that there are 43 cottonseed mills in Arkansas as compared with 58 in Oklahoma. During the three-year period referred to an increase of 10 mills in Oklahoma is reported as compared with no increase in Arkansas. Kansas City buyers purchase more cottonseed oil in Oklahoma than in Arkansas, notwithstanding that the rates from Arkansas are generally less than the rates from Oklahoma. The reason for this is that Arkansas oil costs more than Oklahoma oil. It was admitted that a reduction in the rates on oil from Oklahoma to Kansas City would inure to the benefit of the mills as well as the buyers in Kansas City because it would result in an increase in the market price of Oklahoma oil.

The producing points in Arkansas, particularly referred to by complainant, are described in the tariffs as located in group C. The total number of points in this group is 21—16 in central and eastern Arkansas, 4 in southeastern Missouri, and 1, Memphis, in Tennessee. From points within this group to Kansas City the rate on cottonseed oil is 21 cents per 100 pounds and the rate on cake, meal, and hulls 17 cents per 100 pounds. Only Memphis and the points in Arkansas

are referred to in the complaints, and the average short-line distance from these points to Kansas City is 478 miles. The routes of all lines from these points to Kansas City are through the Ozark Mountains in southern Missouri. The only new lines which have been built in this territory and which have reduced the average distance to Kansas City are the extension of the St. Louis & Northern Arkansas Railroad, now known as the Missouri & Northern Arkansas Railroad, to Helena, Ark., and the extension of the St. Louis, Iron Mountain & Southern Railway from Carthage, Mo., to Diaz, Ark. These extensions have reduced the average distance from the milling points in Arkansas to Kansas City about 20 miles.

It will be noted that the rate on oil to Kansas City from points in Arkansas is 4 cents lower than the rate from points in Oklahoma, while the rate on cake, meal, and hulls is the same from both groups of points. In justification of the difference of 4 cents in the oil rates defendants testify that the rate from points in Arkansas to Kansas City is an involuntary rate induced by competition. The rate on cottonseed oil from Memphis to Kansas City over the St. Louis & San Francisco Railroad is 20 cents per 100 pounds. It was testified that Memphis is a large cottonseed oil manufacturing point and that the rate of 20 cents was established to influence the movement of oil to Kansas City as against the movement on lower rates to Ohio River points and St. Louis. Defendants claim that the rates from Memphis to Ohio River points and St. Louis were made by the Illinois Central Railroad, a line of great traffic density, compared with which defendants assert they are at a disadvantage. The short-line distances from Memphis to St. Louis and Kansas City are 305 and 484 miles, respectively, both over the St. Louis & San Francisco Railroad. The distance from Memphis to St. Louis over the Illinois Central is 322 miles. Memphis is the only point in group C reached by the Illinois Central. While the presence of the Mississippi River and the Illinois Central Railroad from Memphis to St. Louis might justify the St. Louis & San Francisco Railroad in carrying a relatively low rate from Memphis to Kansas City, the same justification does not exist with reference to the other points in this Arkansas group, as they are not reached by the Illinois Central, and some of them are far removed from any influence which that line might exert from Memphis to St. Louis. The other producing points in Arkansas extend as far west as Little Rock, and as far south as Pine Bluff and Helena, covering a section over which the Illinois Central appears to exercise no control in rate making. This view of the competitive situation is confirmed by the recent division of the Arkansas group into three smaller groups with respect to rates to St. Louis. In the new grouping the rates to St. Louis from 13 of the more remote points, with an average distance of 333 miles, have been increased to 18 cents; the rates from

7 points, with an average distance of 222 miles, have been increased to 16 cents; while Memphis has been placed in a group by itself with a rate of 16 cents. It is significant in this connection that whereas an increase of 3 cents was made in the rate from a majority of the points to St. Louis, an increase of but 1 cent was made to Kansas City, a circumstance inconsistent with the contention that the rates to Kansas City are held down by the rates to St. Louis. It may also be stated that two of the more important lines serving this territory to St. Louis also reach Kansas City, namely, the St. Louis & San Francisco and St. Louis, Iron Mountain & Southern railways.

While defendants plead the presence of the Mississippi River and the Illinois Central Railroad between Memphis and St. Louis as the reason for what they term a subnormal rate on oil from Memphis to Kansas City, this contention is not made with respect to the rates on cake, meal, and hulls. On these products the rate of 17 cents for an average distance of 343 miles from points in Oklahoma to Kansas City as against the rate of 17 cents for an average distance of 478 miles from points in Arkansas to Kansas City is a relative adjustment without explanation in the record.

Prior to March, 1910, the rate of 17 cents on cake, meal, and hulls from points in Arkansas to Kansas City applied to the whole of the triangular destination group in southeastern Kansas described above, but on the above date this rate was increased from 1 to 3 cents to points in the western portion of the group. Witness for defendants testified that this increase was made to points beyond what is known as the Missouri River line through Fort Scott and Pittsburg, but, according to the tariffs on file with the Commission, the rate of 17 cents is still applicable to points as far west as Yates Center, the geographical center of the group. The average distance from points in group C to points in the Kansas group is about the same as the distance to Kansas City, through which point the traffic continues to move. As the traffic is actually routed, therefore, the average distance from the producing points in Arkansas to destinations in Kansas is greater than the distance to Kansas City. This is in marked contrast with the situation existing with respect to traffic originating in Oklahoma. The average distance from the Oklahoma mills to consuming points in Kansas approximates 245 miles as against an average distance of 343 miles to Kansas City.

Complainant also directs attention to the adjustment of rates from points in Oklahoma as compared with the rates from Fort Smith, Ark. The rate on cottonseed oil from Fort Smith to Kansas City was recently increased from 16 to 18 cents per 100 pounds and to St. Louis from 17 to 20 cents. The short-line distance from Fort Smith to Kansas City is 328 miles over the Kansas City Southern Railroad. It is, therefore, apparent that the distance from Fort

Smith to Kansas City approximates the average distance from mills in Oklahoma to Kansas City, while the rate from Fort Smith is 7 cents lower than the rate from points in Oklahoma. Defendants justify this relation on the ground that the Kansas City Southern, being a line of comparatively heavy traffic density, has been in a position to control the situation. In support of this contention there was presented in the brief for defendants a comparison of the gross earnings per mile of the Kansas City Southern with certain of the Oklahoma lines. The tariffs indicate that the Fort Smith rates apply from other points in that immediate vicinity over other lines, and for this reason the same figures for those lines are presented in the following table. As the Oklahoma rates were initiated in 1894, the figures for the years 1894 and 1904 are shown.

Name of carrier.	Gross earnings per mile.		
	1894	1904	1914
Fort Smith group lines:			
Kansas City Southern.....	\$1,263	\$7,728	\$13,290
St. Louis & San Francisco.....	4,731	6,413	8,946
Kansas City, Fort Scott & Memphis.....	6,589		
Missouri Pacific.....	3,918	7,252	6,792
St. Louis, Iron Mountain & Southern.....	6,104	9,396	9,888
Oklahoma group lines:			
Atchison, Topeka & Santa Fe.....	5,333	10,305	11,308
Chicago, Rock Island & Pacific.....	5,661	6,049	8,459
Missouri, Kansas & Texas.....	4,897	5,943	9,933
St. Louis & San Francisco.....	4,731	6,413	8,946
Kansas City, Fort Scott & Memphis.....	6,589		

NOTE.—Figures for 1894 and 1904 from statistical reports of the Commission for those years.

This table shows that only in recent years has the traffic density of the Kansas City Southern become greater than that of the other lines in this territory. The class rates, as well as the rates on a number of commodities between Fort Smith and Kansas City, are approximately the same as those between Oklahoma City and Kansas City, while the rates from such points as Tulsa and Muskogee to Kansas City are somewhat lower, thus further indicating that the present relatively heavy density of traffic on the Kansas City Southern has had no influence on the general level of rates in this territory.

Defendants direct attention to numerous cases in which the Commission has held that group rates are just and beneficial. While not unmindful of the considerations influencing the decisions in these cases it is clear that the propriety of a group rate in any case must depend upon the conditions upon which it is predicated. When the cottonseed mills were confined to the southern portion of Oklahoma their grouping at a common rate may have been reasonable, but the gradual transition of the center of production and the application to the new mills of the rates from the more remote points has altered the circumstances originally surrounding the establishment of the group

rates involved, and resulted in many instances in anomalous adjustments, as evidenced by the rates on cottonseed meal and cake from points within the Oklahoma group to destinations in the southeastern part of Kansas. As a rule rates for short distances are graded and rates for longer distances blanketed. The rates on cottonseed products from points in Oklahoma are blanketed to the near-by points and graded to the more distant points beyond. Generally speaking, where the difference in distances between points in any group is as great a percentage of the average distance from points in the group to destination, as appears in this case, the grouping is prima facie unreasonable. In *Ferguson Saw Mill Company v. St. L., I. M. & S. Ry. Co.*, 18 I. C. C., 391, the Commission said, at page 393:

It may be generally true that a system of blanket rates from a producing section is fair and just to all parties concerned, although it necessarily involves rates that are somewhat high for the distance from points on the edge of the blanket nearest the points of destination, but in making such an adjustment the burden rests upon the carrier to provide rates that shall not be unreasonable from any point of origin.

In discussing the blanket adjustment under consideration in that case, attention was also directed to the difficulty of establishing the lawfulness of a group extending almost up to the doors of an important consuming territory.

Complainant requests that the present Oklahoma group be divided into smaller groups, but offers no convincing evidence in support of the reasonableness of the proposed regrouping. Defendants contended at the second hearing in the *Anadarko* case that, in the event of a reduction of the present rates, the group should be divided, but made no suggestions as to the manner in which this should be done. With the exception of points located west of the main line of the Chicago, Rock Island & Pacific Railway, most of which appear to be located on branch lines, the only essential differences disclosed by the record as existing between the various points comprised in the Oklahoma group are the distances to the consuming markets, and it would, therefore, be difficult to draw the boundary lines of smaller groups.

Upon all the facts of record it is our determination and we find that the present grouping of points in Oklahoma, producing cottonseed oil, cake, meal, and hulls, is unjust and unreasonable, and that the present blanket rates are unreasonable and unduly prejudicial. The state of the record is such that we can not formulate conclusions regarding the details of a readjustment with the desired degree of certainty and confidence. However, from such an understanding of the situation as we have been able to acquire through a consideration of the facts of record we are inclined to the view that the promulgation of a distance tariff applicable from all points in the present blanket may be a solution of the difficulties of which petitioners

complain. With the view of facilitating the final disposition of these issues we submit below tentative schedules.

Cottonseed oil from Oklahoma producing points to Kansas City, Mo.

Miles.	Rates.	Miles.	Rates.
250 and less	16.0	425 and over 400	21.0
275 and over 250	16.5	450 and over 425	21.5
300 and over 275	17.0	475 and over 450	22.0
325 and over 300	17.5	500 and over 475	22.5
350 and over 325	18.0	525 and over 500	23.0
375 and over 350	19.0	550 and over 525	23.5
400 and over 375	20.0		

Rates on cottonseed cake, meal, and hulls from producing points in Oklahoma to points in Kansas, Missouri, Iowa, Nebraska, and to Colorado common points and points in Colorado east thereof.

Miles.	Rates.	Miles.	Rates.
70 and less	8.0	375 and over 350	21.0
80 and over 70	8.5	400 and over 375	21.5
90 and over 80	9.0	425 and over 400	22.0
100 and over 90	9.5	450 and over 425	22.5
110 and over 100	10.0	475 and over 450	23.0
120 and over 110	10.5	500 and over 475	23.5
130 and over 120	11.0	525 and over 500	24.0
140 and over 130	11.5	550 and over 525	24.5
150 and over 140	12.0	575 and over 550	25.0
160 and over 150	12.5	600 and over 575	25.5
170 and over 160	13.0	625 and over 600	26.0
180 and over 170	13.5	650 and over 625	26.5
190 and over 180	14.0	675 and over 650	27.0
200 and over 190	14.5	700 and over 675	27.5
225 and over 200	15.0	750 and over 700	28.0
250 and over 225	15.5	800 and over 750	28.5
275 and over 250	16.0	850 and over 800	29.0
300 and over 275	16.5	900 and over 850	29.5
325 and over 300	17.0	950 and over 900	30.0
350 and over 325	17.5	1,000 and over 950	30.5

One cent per 100 pounds may be added to these rates in each of the following instances: On shipments transported over two or more lines not under the same management or control; on shipments originating at points west of the main line of the Chicago, Rock Island & Pacific Railway, from Blackwell to Terral; and on shipments destined to points in Colorado.

This case will be set for further hearing at which all parties interested will be given an opportunity to show cause why the above schedules should not be prescribed. Such hearing will be held at Kansas City, Mo., on October 11, 1915, at 10 a. m.

No. 7109.¹

CAPE GIRARDEAU PORTLAND CEMENT COMPANY

v.

ST. LOUIS & SAN FRANCISCO RAILROAD COMPANY
ET AL.

Submitted April 17, 1915. Decided July 1, 1915.

1. Rates on cement in carloads from Cape Girardeau, Mo., to points in southern Arkansas, which are not at least 3 cents per 100 pounds lower than the rates contemporaneously applicable from St. Louis, Mo., to the same points, found unjustly discriminatory.
2. Rates on cement in carloads from Cape Girardeau, Mo., to points in Louisiana west of the Mississippi River, to points in Mississippi, except points on the Mississippi River, and to points in Kentucky and Tennessee west of the Tennessee River, except Paducah, Ky., and Memphis, Tenn., which are not at least 2 cents per 100 pounds lower than the rates from St. Louis, Mo., to the same points, found unjustly discriminatory.
3. Combination rates on cement in carloads from Cape Girardeau, Mo., to points in southern Illinois found unreasonable and unjustly discriminatory in favor of competing points in Missouri, Illinois, and Indiana. Reasonable maximum joint rates prescribed for the future.

J. R. Walker for complainant.

W. H. Hart for Oklahoma Portland Cement Company.

J. A. Lehaney for Union Sand & Material Company.

R. Walton Moore and *M. P. Callaway* for Mobile & Ohio Railroad Company and others.

William Burger for Louisville & Nashville Railroad Company.

Thomas Bond for St. Louis & San Francisco Railroad Company and its receivers.

F. H. Wood for Morgan's Louisiana & Texas Railroad & Steamship Company and Louisiana Western Railroad Company.

William Gray for Chicago, Burlington & Quincy Railroad Company.

E. A. Haid and *R. D. Coleman* for St. Louis Southwestern Railway Company.

C. P. Stewart and *Walter Nichols* for Cleveland, Cincinnati, Chicago & St. Louis Railway Company.

¹ This proceeding also embraces complaints in—No. 7109 (Sub-No. 1), Same v. St. Louis & San Francisco Railroad Company et al.; 7109 (Sub-No. 2), Same v. St. Louis & San Francisco Railroad Company et al.; and 7109 (Sub-No. 3), Same v. St. Louis & San Francisco Railroad Company et al.

W. F. Dickenson for Chicago, Rock Island & Pacific Railway Company.

H. G. Herbel, F. G. Wright, F. H. Wood, and C. C. P. Rausch for Missouri Pacific Railway Company and others.

REPORT OF THE COMMISSION.

MEYER, Commissioner:

Complainant manufactures cement at Gulf Junction, Mo., 2 miles south of Cape Girardeau, Mo., which it markets or contends that it should be able to market in Missouri, Arkansas, Louisiana, and Mississippi; Kentucky and Tennessee, west of the Tennessee River, and in southern Illinois, in competition with other mills tributary to the same territory. Cape Girardeau is a Mississippi River city, on the St. Louis & San Francisco Railroad, hereinafter called the Frisco, and the Cape Girardeau & Northern Railway, 131 miles south of St. Louis, and approximately 28 miles northwest of Thebes, Ill., by way of the Thebes bridge. The competing points named are Harrys and Eagle Ford, Tex., near Fort Worth, Tex.; Ada, Okla., south of the Kansas-Oklahoma gas belt; Dewey, Okla., Iola, Kans., and other points in the gas belt; St. Louis and Hannibal, Mo.; La Salle, Ill., north of Decatur; Buffington, Ind., near Chicago, Ill.; Mitchell, Ind., northwest of Louisville, Ky., and east of Lawrenceville, Ill.; Speeds, Ind., just north of Louisville; Kosmosdale, Ky., just south of Louisville; Richard City, Tenn., just east of Chattanooga, Tenn.; Birmingham, Ala.; and Ragland and Leeds, Ala., just east of Birmingham. Dealers in New Orleans also compete, principally with cement received from the east by water.

The complaints, filed in July and August, 1914, assail the carload rates on cement from Cape Girardeau to points in southern Arkansas, Louisiana, Mississippi, western Kentucky, western Tennessee, and southern Illinois, alleging that they are unreasonable and unjustly discriminatory in comparison with the rates maintained from the competing points described. The original complaint assails the rates to southern Arkansas and to points in Louisiana west of the Mississippi River, in comparison with the rates maintained to the same points from all of the competing points named west of the Mississippi River; the complaint in Sub-No. 1, the rates to western Kentucky and Tennessee, in comparison with the rates from St. Louis and Hannibal and all of the competing points named east of the Mississippi River; the complaint in Sub-No. 2, the rates to points in southern Illinois as compared with the rates from St. Louis, Hannibal, La Salle, Buffington, and Mitchell; the complaint in Sub-No. 3, the rates to points in Mississippi and Louisiana east of the Mississippi River, as compared with the rates from St. Louis and Hannibal and all of the

competing points named east of the Mississippi. Specific rates are asked in the complaints, differentials lower, generally, than the rates from St. Louis to the same points, modified at the hearing to a request for a relative adjustment recognizing Cape Girardeau's advantage in distance over most of the competing points involved, particularly with relation to St. Louis. The St. Louis Sand & Material Company, which operates a mill at Prospect Hill, Mo., within the switching limits of St. Louis, and the Oklahoma Portland Cement Company of Ada, intervened in opposition to the complaints. We consider the complaints separately in the order in which they are numbered.

NO. 7109. SOUTHERN ARKANSAS AND LOUISIANA WEST OF THE MISSISSIPPI RIVER.

When the complaint was filed and at the time of the hearing, Cape Girardeau had rates 3 cents per 100 pounds lower than the rates from St. Louis to points in northeastern and central Arkansas; rates 2 cents lower to points in northwestern Arkansas, and to some points in southeastern Arkansas; the same rates as St. Louis to the remaining points in southeastern Arkansas and to all points in southern and southwestern Arkansas and Louisiana west of the Mississippi River, hereinafter referred to under this complaint as Louisiana. Before cement mills were established at St. Louis, Iola, Cape Girardeau, and other points west of the Mississippi River the cement used in Arkansas and Louisiana moved from New Orleans after shipment to New Orleans from the east, or through Memphis, Cairo, and St. Louis. The Chicago, Rock Island & Pacific Railway served Arkansas and northern Louisiana from Memphis; the St. Louis Southwestern, hereinafter called the Cotton Belt, from Cairo; the St. Louis, Iron Mountain & Southern, from St. Louis. Water competition also affected the rates to Little Rock and other points accessible by water. Rates were made from St. Louis to central Arkansas differentials over the rates to the same points from Memphis, with the rates from Cairo intermediate. New Orleans was given the same rates as St. Louis to points on or south of the Rock Island line from Memphis through Little Rock to Oklahoma; slightly higher rates than St. Louis to points north of the Rock Island's line. The adjustment described to Little Rock applied to all junction points in central and northeastern Arkansas and to some junction points in southern Arkansas, such as Pine Bluff and Camden. When mills were erected subsequently at Iola and other gas-belt points they were given rates equal to the St. Louis rates, regardless of differences in distance, to promote commercial competition. Ada was given gas-belt point rates for the same reason. Cape Girardeau was given the Cairo basis.

Rates of 17 cents from St. Louis to Little Rock and 19 cents from Harrys to Little Rock were approved in *Little Rock Chamber of Com-*

merce v. St. L., I. M. & S. Ry. Co., 26 I. C. C., 341; a rate of 15 cents from gas-belt points, Ada, Bonner Springs, Kans., and Sugar Creek, Mo., to Fort Smith, Ark., in *Board of Improvement, Water Works Dist. No. 1, Fort Smith, Ark.*, v. *A., T. & S. F. Ry. Co.*, 26 I. C. C., 539; a rate of 17 cents from Kansas gas-belt points to Little Rock in *Merchants Freight Bureau of Little Rock, Ark.*, v. *A., T. & S. F., Ry. Co.*, 26 I. C. C., 543. Water competition from New Orleans is said to have influenced the rates to northern Louisiana. Rates to Louisiana points less than 80 miles west of New Orleans make on New Orleans; rates to points farther west on the western junctions of the delivering lines. In *Oklahoma Portland Cement Co. v. M., K. & T. Ry. Co.*, 24 I. C. C., 158, a rate of 17 cents from Ada to Shreveport, La., was ordered reduced to 15 cents as a maximum, with the expressed expectation that the carriers would readjust the rates from Ada to other Louisiana points conformably. Subsequently, in *Oklahoma Portland Cement Co. v. A., L. & G. Ry. Co.*, 32 I. C. C., 221, we held that Ada was entitled to a differential of 3 cents per 100 pounds under the rates from gas-belt points to points in southern Arkansas and a differential of 2 cents to points in Louisiana. Such rates with numerous incidental readjustments from other points have been published since the hearing had in this case. The present adjustment with short-line mileages, regardless of the routes actually worked, is as follows, rates stated in cents per 100 pounds:

To—	From Eagle Ford.		From Ada.		From Dewey.		From Iola.	
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.
		<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>
Hot Springs, Ark.....	342	21.0	358	18.0	399	21.0	436	21.0
Gurdon, Ark.....	253	18.0	269	18.0	395	18.0	449	18.0
Texarkana, Ark.....	189	18.0	225	16.0	355	18.0	396	18.0
Stamps, Ark.....	224	18.0	269	15.0	389	18.0	430	18.0
		18.0				23.0		
Camden, Ark.....	272	19.0	303	15.0	433	18.0	458	18.0
		18.0						
Eldorado, Ark.....	304	19.0	335	17.0	466	20.0	490	20.0
Junction City, Ark.....	300	19.0	351	17.0	483	20.0	507	20.0
Arkansas City, Ark.....	396	19.0	425	15.0	457	18.0	493	18.0
Endora, Ark.....	390	19.0	452	15.0	484	18.0	520	18.0
Portland, Ark.....	357	18.0	429	15.0	474	18.0	510	18.0
Average, Arkansas.....	303	.....	341	.....	434	.....	468	.....
Shreveport, La.....	197	16.0	297	16.0	437	18.0	468	18.0
		14.0						
Ruston, La.....	262	18.0	362	18.0	492	20.0	533	20.0
		16.0						
Rayville, La.....	314	16.0	414	16.0	535	18.0	572	18.0
Mansfield, La.....	228	18.0	328	20.0	458	22.0	499	22.0
Do.....	287	18.0	384	18.0	513	20.0	550	20.0
Alexandria, La.....	309	16.0	414	17.0	550	19.0	591	19.0
		14.0		16.0		18.0		18.0
Opelousas, La.....	373	21.0	477	25.0	613	27.0	654	27.0
La Fayette, La.....	395	25.0	499	32.0	635	34.0	673	34.0
		22.0						
New Iberia, La.....	415	25.0	520	26.0	656	28.0	697	28.0
Morgan City, La.....	461	25.0	565	26.0	702	28.0	743	28.0
Average, Louisiana.....	324	.....	426	.....	558	.....	599	.....

To—	From Hannibal.		From St. Louis.		From Cape Girardeau.	
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.
		<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>
Hot Springs, Ark.....	516	25.0	399	21.0	297	21.0
Gurdon, Ark.....	543	22.0	426	18.0	324	18.0
Texarkana, Ark.....	607	22.0	490	18.0	388	18.0
Stamps, Ark.....	598	22.0	481	18.0	379	18.0
Camden, Ark.....	569	22.0	452	18.0	345	18.0
Eldorado, Ark.....	589	24.0	472	20.0	365	20.0
Junction City, Ark.....	606	24.0	489	20.0	382	20.0
Arkansas City, Ark.....	537	22.0	420	18.0	313	18.0
Endora, Ark.....	564	22.0	447	18.0	339	18.0
Portland, Ark.....	554	22.0	437	18.0	328	18.0
Average, Arkansas.....	558	.....	451	.....	346	.....
Shreveport, La.....	665	22.0	548	18.0	446	18.0
Ruston, La.....	644	24.0	527	20.0	420	20.0
Rayville, La.....	615	22.0	498	18.0	391	18.0
Mandeville, La.....	698	25.0	579	25.0	477	.....
Do.....	689	24.0	572	20.0	464	20.0
Alexandria, La.....	716	22.0	599	19.0	491	18.0
		27.0		27.0		27.0
Opelousas, La.....	780	25.0	662	25.0	555	25.0
La Fayette, La.....	802	34.0	684	30.5	576	.....
New Iberia, La.....	822	28.0	705	30.5	597	.....
Morgan City, La.....	868	28.0	751	30.5	643	.....
Average, Louisiana.....	730	.....	613	.....	506	.....

Complainant asks rates from Cape Girardeau 3 cents per 100 pounds lower than the rates contemporaneously in effect from St. Louis to points in southern Arkansas, rates 2 cents lower than the rates from St. Louis to points in Louisiana.

Ada is about 110 miles nearer than a point midway between Dewey and Iola to southern Arkansas points, 153 miles nearer to points in Louisiana. Cape Girardeau is about 105 miles nearer than St. Louis to points in southern Arkansas, 107 miles to points in Louisiana. St. Louis in turn is about 117 miles nearer than Hannibal to points in southern Arkansas, 117 miles to points in Louisiana. Shipments from Ada, Hannibal, and Cape Girardeau all require two and three line hauls, as compared with one and two line hauls available from St. Louis, but as found in *Little Rock Chamber of Commerce v. St. L., I. M. & S. Ry. Co., supra*, cement traffic from St. Louis usually does not move directly from St. Louis, but indirectly across the Mississippi at St. Louis, thence south to Thebes, Ill., and thence back into Missouri over the Thebes bridge. The routes involving the fewest carriers from Ada and Cape Girardeau are longer than the short-line routes, but as only rate relationships are involved comparisons by means of the shortest routes from all points are competent. The Frisco is the initial carrier both from Cape Girardeau and from Ada. Ada's advantage in distance over gas-belt points to the destination points involved is recognized in the relation-

ship prescribed in *Oklahoma Portland Cement Co. v. A., L. & G. Ry. Co., supra*. The similar advantage of St. Louis over Hannibal is recognized in a 4-cent differential in favor of St. Louis maintained voluntarily to points as far south as the Vicksburg, Shreveport & Pacific Railway and to many points still farther south. Cape Girardeau's similar advantage over St. Louis is recognized only as far south as points in northern and central Arkansas, as follows, rates in cents per 100 pounds:

From—	To Knobel.	To Paragould.	To Bald Knob.	To Wynna.	To Little Rock.	To Pine Bluff.	To Con- way. ¹	To Ozark. ¹	To Yell ville. ²
St. Louis.....	Cents. 15	Cents. 15	Cents. 17	Cents. 17	Cents. 17	Cents. 17	Cents. 17	Cents. 19	Cents. 21
Cape Girardeau.....	12	12	14	14	14	14	16	19	19

¹ Little Rock-Port Smith division.

² White River division.

The treatment accorded Cape Girardeau in anomalous. The conditions which produced the rates maintained in central Arkansas also obtain in southern Arkansas. The distances to southern Arkansas points are greater but not enough greater to justify a total disregard of Cape Girardeau's distance advantage over St. Louis, especially as the similar advantage in distance that St. Louis has over Hannibal is recognized voluntarily to points in Louisiana. Defendants urge that the rate applicable from St. Louis to Malvern, immediately south of Little Rock, 18 cents, obtains as a blanket rate to points as far beyond as Texarkana and Shreveport. The 17-cent rate from St. Louis to Little Rock, however, also is a blanket rate applicable to numerous points north of Little Rock which take a rate of only 14 cents from Cape Girardeau. St. Louis territory is said to include Cape Girardeau and Cairo for all traffic to Texas and Louisiana, and defendants fear that if their definition of St. Louis territory is wrong for cement to Texas and Louisiana points it is wrong for all traffic to the same points. The conclusion is too broad, for, of course, groups may be proper for some kinds of traffic and improper for other kinds. No cement is produced at Cairo or at any of the other points in southwestern Missouri grouped with St. Louis. Traffic from Cairo, moreover, would have to cross the Mississippi River. The same carrier competition exists from St. Louis, Cairo, and Memphis to southern and southwestern Arkansas and northern Louisiana as exists to central and northern Arkansas.

The conclusion is impelled that St. Louis is a deliberately favored point, as is further evidenced by the adjustment northbound. The rates to the twin cities, for example, are 10 cents from Hannibal, 10½

cents from St. Louis, and 17 cents from Cape Girardeau, 6½ cents to St. Louis, 10½ cents beyond.

Defendants' principal justification for their whole adjustment on southbound traffic is commercial competition. We virtually found in *Oklahoma Portland Cement Co. v. A., L. & G. Ry. Co.*, *supra*, however, that commercial competition has been pressed too far in this territory and that differences in distances had been too much ignored. We adhere to that decision and upon all of the facts disclosed find that Cape Girardeau is entitled to carload rates on cement 3 cents per 100 pounds lower than the rates contemporaneously maintained on the same traffic from St. Louis to points in Arkansas, south of the line of the Chicago, Rock Island & Pacific Railway from Memphis, Tenn., west to Little Rock, Ark., and south of the continuation of the same line west through Mansfield, Ark., and 2 cents per 100 pounds lower than the rates from St. Louis to points in Louisiana west of the Mississippi River.

SUB-NO. 1. WESTERN KENTUCKY AND TENNESSEE.

Most of the rates on cement from Cape Girardeau to this territory are combination rates based either on Cairo, Ill., or Memphis, Tenn.: 5 cents to Cairo, 7 cents or 9 cents to Memphis, depending on the route, plus the several rates applicable from Cairo or Memphis to destinations. The destination points involved are common and local points on the Illinois Central Railroad, the Mobile & Ohio Railroad, the Nashville, Chattanooga & St. Louis Railway, and the Louisville & Nashville Railroad, west of the Tennessee River. The competing producing points emphasized are St. Louis, Hannibal, Kosmosdale, and Richard City, although La Salle, Buffington, Speeds, and Mitchell also compete.

The Illinois Central has a line from East St. Louis through Cairo and Jackson, Tenn., to New Orleans, another from Louisville through Kosmosdale and Paducah to Memphis, a third from Cairo to Paducah. The line to New Orleans intersects the line to Memphis at Fulton, Ky., just north of the Kentucky-Tennessee state line. The Mobile & Ohio extends from East St. Louis south through Cairo and Rives, southwest of Fulton, to Jackson, Tenn., where it crosses the Illinois Central's New Orleans line, thence south to Mobile, Ala. It crosses the Illinois Central's Memphis line at Rives. The Nashville, Chattanooga & St. Louis extends northwest from Chattanooga, Tenn., to Nashville, and thence southwest through Hollow Rock, Tenn., just west of the Tennessee River, and Jackson, to Memphis. A branch extends from Hollow Rock northwest to Hickman, Ky., another

from Hollow Rock north to Paducah. The Hickman branch crosses the Illinois Central's New Orleans line at Martin, southeast of Fulton; the Illinois Central's Memphis line at Gibbs, southwest of Fulton; the Mobile & Ohio at Union City, a few miles northwest of Gibbs and north of Rives. The Louisville & Nashville has a line from East St. Louis through Evansville, Ind., to Clarksville, Tenn.; another from Louisville through Clarksville to Memphis, which crosses the Nashville, Chattanooga & St. Louis's Paducah and Hickman branches from Hollow Rock at Paris and McKenzie, respectively, north of Hollow Rock; the Illinois Central's New Orleans line at Milan, north of Jackson; the Mobile & Ohio at Humboldt, north of Jackson. The Iron Mountain has a car ferry from Carondelet, Mo., a few miles south of St. Louis, to East Carondelet, Ill., directly opposite, and a line from East Carondelet to Cairo. The Southern has the short line from Chattanooga to Memphis, through northern Alabama and Mississippi.

The usual route from Cape Girardeau to Cairo and the points involved beyond, through Cairo, is Frisco south across the Cotton Belt at Rockview, Mo., to Chaffee yard, Mo., 12.5 miles; Chicago & Eastern Illinois back over the rails of the Frisco to Rockview and thence east over the rails of the Cotton Belt to Illmo, Mo., and across the Thebes bridge to Thebes, 15.5 miles, or to Olive Branch, 9 miles south of Thebes; Iron Mountain from Thebes to Cairo, 23 miles; Mobile & Ohio or Illinois Central to destination or to common points with the Nashville, Chattanooga & St. Louis, or Illinois Central from Olive Branch to Cairo, 18 miles; Illinois Central to destination or to junction points. Although this route is available to Memphis, the usual route to Memphis and to near-by points beyond is Frisco south through Bridge Junction, Ark., to Memphis; Illinois Central, Louisville & Nashville, or Nashville, Chattanooga & St. Louis beyond. The short-line route from Hannibal is Chicago, Burlington & Quincy Railroad south to West Alton, Mo., just north of St. Louis, across a bridge leased by the Burlington, from West Alton to Alton, Ill., thence south from Alton to East St. Louis, Mobile & Ohio or Illinois Central beyond. The whole situation may be traced on the accompanying diagram.

The 5-cent rate applicable from Cape Girardeau to Cairo is a joint rate maintained by the Frisco and the Chicago & Eastern Illinois in connection with the Illinois Central and with the Iron Mountain. The Mobile & Ohio does not participate. The 9-cent rate named above from Cape Girardeau to Memphis applies by way of Cairo; the 7-cent rate named over the Frisco's one-line route through Bridge Junction. The rates from St. Louis to the points involved are joint rates 5 cents per 100 pounds over Cairo or 9 cents over Memphis.



The 9-cent differential used over Memphis is the local rate from St. Louis to Memphis. The 5-cent differential used over Cairo is lower than the local rate from St. Louis to Cairo, which is 6.5 cents. Kosmosdale has Louisville rates except to Paducah and near-by points. Louisville generally has St. Louis rates. Hannibal has rates 3 cents over St. Louis, 8 cents over Cairo, the local rate to Cairo, or 11 cents over Memphis, the local rate to Memphis, or 4 cents over St. Louis to certain Louisville & Nashville points, the local rate to St. Louis. Richard City has rates about the same as the rates from Kosmosdale except to Paducah and other points nearer to Kosmosdale than to Richard City. The rates from Cairo to local points on the Nashville, Chattanooga & St. Louis are joint rates lower than the combinations based on the interior junction points such as Martin, at which the Nashville, Chattanooga & St. Louis accepts the traffic. Where the rates from Cape Girardeau and from St. Louis to particular points make over Cairo they are the same. Where they make over Memphis from both points they are the same by the route from Cape Girardeau through Cairo, 2 cents lower from Cape Girardeau than from St. Louis by the route from Cape Girardeau through Bridge Junction. The Frisco's 7-cent rate to Memphis also gives Cape Girardeau an advantage of 2 cents or less to some points to which the rates from St. Louis make over Cairo. The following rates with short-line distances are typical:

Destination and delivering carrier.	From Cairo.		From Memphis.		From Cape Girardeau.		From St. Louis.	
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.
Cairo:		Cents.		Cents.		Cents.		Cents.
Iron Mountain.....					51	5.0	153	{ 6.5
M. & O.....								{ 5.0
I. C.....								
Memphis:								
Frisco.....								
I. C.....					174	{ 7.0	305	9.0
L. & N.....						{ 9.0		
N., C. & St. L.....								
Paducah:								
I. C.....					95	11.75	161	7.0
N., C. & St. L.....	42	6.75						
C., B. & Q.....								
Hickman:								
N., C. & St. L.....					123	12.0	224	12.0
C. M. & G.....	72	7.0						
Fulton: I. C.....	48	8.0	121	12.0	99	12.0	200	12.0
Corkington: I. C.....	130	12.0	38	6.0	151	13.0	252	15.0
Fruitland, Tenn.: M. & O.....	94	10.0			145	15.0	245	15.0
Huntington: N., C. & St. L.....	95	12.0	125	15.0	146	18.0	247	18.0
Paris:								
L. & N.....	100	11.0						
N., C. & St. L.....		9.0	120	11.0	151	14.0	225	14.0
Brownsville: L. & N.....	124	14.5	56	5.5	172	12.5	276	14.5
Jackson:								
M. & O.....								
I. C.....								
N., C. & St. L.....	113	10	85	9.0	165	15.0	258	15.0

1 Local rate.

2 Frisco rate.

3 Cairo combination.

4 Memphis combination.

5 Differential.

6 East side carriers.

7 Joint rate.

8 Proportional rate.

Destination and delivering carrier.	From Hannibal.		From Kosmosdale.		From Richard City.		From Louisville.	
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.
Cairo:		<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>
Iron Mountain.....	269	8.0	260	8.0	.....	.....	268	14.7
M. & O.								
I. C.								
Memphis:								
Frisco.....	422	11.0	370	9.0	285	9.0	377	9.0
I. C.								
L. & N.								
N., C. & St. L.								
Paducah:								
I. C.	278	8.4	208	6.0	275	10.0	226	7.0
N., C. & St. L.								
C., B. & Q.								
Hickman:								
N., C. & St. L.	341	15.0	282	12.0	206	10.0	300	12.0
C. M. & G.								
Fulton: I. C.								
Covington: I. C.	399	17.0	337	15.0	323	15.0	365	15.0
Fruitland, Tenn.: M. & O.	363	18.0	293	15.0	272	15.0	300	15.0
Huntington: N., C. & St. L.	364	¹ 21.0 23.0	169	¹ 18.0 16.0	231	15.0	276	¹ 18.0 17.0
Paris:								
L. & N.	342	¹ 17.0 18.0	240	14.0	242	14.0	247	14.0
N., C. & St. L.								
Brownsville: L. & N.	393	⁴ 18.5 ⁵ 16.5	314	14.5	280	14.5	321	12.0
Jackson:								
M. & O.	392	18.0	300	15.0	250	15.0	307	15.0
I. C.								
N., C. & St. L.								

¹ Cairo combination.
² Local rate.

³ Paducah combination.
⁴ St. Louis combination.

⁵ Memphis combination.

Rates are asked from Cape Girardeau 2 cents per 100 pounds lower than the rates contemporaneously maintained from St. Louis to the same points, but not higher than the rates from Kosmosdale or Richard City. The grounds assigned are Cape Girardeau's advantage in distance to all of the points involved from all of the competing producing points named, its rate advantage over St. Louis locally at Cairo and at Memphis, and the rate advantage it would have over St. Louis under rates from St. Louis made like the rates from Cape Girardeau, by combination of locals on Cairo. The defense, in brief, is that Cape Girardeau properly is grouped with St. Louis for cement traffic through Cairo because of the slighter water competition from Cape Girardeau than from St. Louis, because of the complexity of the route from Cape Girardeau to Cairo, and because lower rates from Cape Girardeau than from St. Louis would compel equally low rates from Kosmosdale, which would destroy the justifiable parity maintained between Louisville and St. Louis.

Water competition compels the 9-cent rate from St. Louis to Memphis, which yields only 5.9 mills per ton-mile for 305 miles, as compared with 9.8 mills earned by the 17-cent rate from St. Louis to Little Rock, 345 miles, approved in *Little Rock Chamber of Commerce v. St. L., I. M. & S. Ry. Co., supra*, and average ton-mile earnings of 6.28 cents for an average haul of 88 miles shown in the *Five Per Cent case*, 31 I. C. C., 351, 416, for the territory there involved.

35 I. C. C.

Cement moves in considerable volume by water from St. Louis and Hannibal to Memphis and New Orleans. Little cement moves by water from Cape Girardeau. Complainant has the only cement mill at Cape Girardeau, and admittedly ships by water only occasionally. The water rate from Cape Girardeau is said to be 8 cents, and the cost of loading cement into boats at that point is considerable. For these reasons defendants operating along the east bank of the Mississippi River refuse to meet the Frisco's 7-cent rate from Cape Girardeau to Memphis through Bridge Junction, and apply the 9-cent rate applicable from St. Louis. We think they do so properly. The same considerations do not apply, however, to the rates to the interior points involved, as the rates from St. Louis to such points do not appear to be unduly low. The rates from St. Louis to the interior points named in the table above average 14.562 cents for an average haul of 246 miles, yielding an average of 11.8 mills per ton-mile, as compared with 9.8 mills earned by the 17-cent rate from St. Louis to Little Rock, 345 miles, and to points north of Little Rock, attributed to both railroad and water competition, 5.9 mills by the 9-cent rate to Memphis, 8.5 mills by the 6.5-cent rate from St. Louis to Cairo, and 6.2 mills by the 8-cent rate from Des Moines, Iowa, to St. Paul, Minn., 257 miles, prescribed in *Cement Rates from Points in Illinois*, 32 I. C. C., 369. The average ton-mile earnings of the Illinois Central's whole system for the year ended June 30, 1914, were 5.63 mills for an average haul of 241 miles; the average earnings of the Mobile & Ohio, 6.7 mills for an average haul of 225 miles. The rates from Cairo and Memphis are virtually proportional rates, as no cement is produced at either point, and apparently fully compensate for the rates applicable to Cairo and Memphis. The negligible water movement of cement from Cape Girardeau relatively to the water movement from St. Louis, therefore, is immaterial to the rate adjustment between Cape Girardeau and St. Louis to the interior points involved. Since the advantage in distance which St. Louis has over Hannibal is recognized in lower rates from St. Louis to the points involved than from Hannibal, Cape Girardeau is entitled to lower rates than St. Louis unless the transportation conditions are different or other countervailing conditions exist.

The principal mills at St. Louis are located at Prospect Hill and Continental, within the switching limits of St. Louis. Prospect Hill is served by the Burlington; Continental by the Missouri Pacific-Iron Mountain system and the Frisco. Cement traffic from Continental usually is moved by the Iron Mountain to Carondelet, ferried across to East Carondelet, and delivered to the Illinois Central or the Mobile & Ohio at East Carondelet or Cairo. Traffic from Prospect Hill is switched by the Burlington to the rails of either of the terminal railways operating at St. Louis or to the rails of the Iron Mountain.

The terminal railways move it to and across either the Eads bridge or the Merchants bridge, about 10 miles and 14 miles to East St. Louis, where it is delivered to the Mobile & Ohio, the Illinois Central, or the Louisville & Nashville. The Iron Mountain moves it to its car ferry at Carondelet, ferries it across the river to East Carondelet, and delivers it to the Illinois Central or the Mobile & Ohio at East Carondelet or Cairo. The Burlington imposes a switching charge of \$3.50 per car, about one-half cent per 100 pounds for loads of 60,000 pounds per car. The terminal railways impose a bridge arbitrary of $1\frac{1}{2}$ cents per 100 pounds. The Mobile & Ohio and the Illinois Central and Louisville & Nashville absorb the bridge charge imposed because shipments moving over the Iron Mountain, their competitor, do not have to pay a similar charge. The Burlington's switching charge also is absorbed, except by the Louisville & Nashville, on noncompetitive traffic. The 3 cents retained by the Mobile & Ohio and the Illinois Central out of the 5-cent differential St. Louis over Cairo on traffic to points beyond Cairo on their own lines earns 3.9 mills per ton-mile for the haul of 152 miles from East St. Louis to Cairo; the total differential which they would retain but for the compulsory absorptions described, 6.5 mills. The 5-cent rate from Cape Girardeau to Cairo, Illinois Central from Olive Branch to Cairo, divides 2 cents to the lines to Thebes, 3 cents to the lines south of Thebes. The 3 cents received by the lines south of Thebes divides 1.5 cents to the Chicago & Eastern Illinois for the haul from Thebes to Olive Branch, 1.5 cents to the Illinois Central for the haul from Olive Branch to Cairo. The 1.5 cents received by the Chicago & Eastern Illinois is added to the 2 cents received by the Frisco and the Chicago & Eastern Illinois for the haul to Thebes and the sum divided 1.75 cents to the Frisco, 1.75 cents to the Chicago & Eastern Illinois. Where the Iron Mountain receives the haul into Cairo the rate divides arbitrarily $2\frac{1}{2}$ cents to the Frisco and Chicago & Eastern Illinois to Thebes, subdivided 1.25 cents to each road, $2\frac{1}{2}$ cents to the Iron Mountain. Traffic consigned to points beyond Cairo received by the Illinois Central at Olive Branch requires no local terminal service at Cairo and may be handled precisely as traffic from St. Louis is handled. The divisions described evidently represent an allowance of 2 cents for the haul from Cape Girardeau to Thebes and an allowance of one-half cent for switching at Thebes or Olive Branch. If one-half cent also is allowed for switching at Chaffee yard, the line haul charges, including bridge service, are $1\frac{1}{2}$ cents from Cape Girardeau to Thebes, 28 miles; $2\frac{1}{2}$ cents from Cape Girardeau to Olive Branch, 37 miles. The $1\frac{1}{2}$ -cent bridge arbitrary imposed at St. Louis covers hauls, including bridge service, of 10 miles and 14 miles, and switching at East St. Louis. Defendants therefore evidently consider the service from Cape Girardeau to Thebes worth only one-half cent more than the service from Prospect Hill to East St. Louis.

one-half cent is deducted from the 1½-cent bridge charge imposed at St. Louis for switching at East St. Louis. The Illinois Central's haul from Olive Branch to Cairo earns relatively more per ton-mile, 1.66 cents, than its haul from East St. Louis. The Frisco and Chicago & Eastern Illinois apply a rate of 5 cents from Cape Girardeau to points on the Chicago & Eastern Illinois in southern Illinois as far north as Mount Vernon, 130 miles from Cape Girardeau. The rate from St. Louis to Mount Vernon, 79 miles, is 5.5 cents. The Thebes bridge is owned by the Southern Illinois and Missouri Bridge Company, whose capital stock is owned in equal shares by the Illinois Central, the Chicago & Eastern Illinois, the Cotton Belt, the Missouri Pacific, and the Iron Mountain, which use the bridge. The tenant companies contributed equally to the cost of the bridge in excess of the funds realized from its securities and defray its annual operating expenses, taxes, and interest charges in proportion to the amount of business contributed by each company. The total average amount per car contributed for the year ended June 30, 1914, was 39.728 cents for 487,186 cars of all kinds, passenger and freight, loaded and empty. On this basis a bridge arbitrary of 1 cent per 100 pounds per loaded car of cement is ample. A bridge arbitrary of 1 cent and switching charges of one-half cent per 100 pounds for switching at Chaffee yard and at Thebes or Olive Branch leaves 3 cents per 100 pounds for a direct line haul of 51 miles, or 1.17 cents per ton-mile, as compared with 6.5 mills per ton-mile earned by the 5-cent differential applicable from St. Louis to Cairo on traffic for beyond. The conditions described do not warrant the discrepancy.

All points on the Mobile & Ohio and the Illinois Central between St. Louis and Cairo are said to be grouped with St. Louis for all traffic to Mississippi Valley points south of Cairo. Cape Girardeau, although on the west bank of the river, formerly was accorded the same rates as east bank points opposite, because the Illinois Central had its own car ferry between Cape Girardeau and East Cape Girardeau or Gale, Ill., and the use of the Cape Girardeau terminals of a carrier since absorbed by the Frisco. When the Frisco acquired the terminals used the Illinois Central discontinued its car ferry, but participated in a 5-cent joint all-rail rate on cement from Cape Girardeau to Cairo to give complainant St. Louis rates on cement to the territory involved and to maintain for cement the grouping formerly maintained for all traffic. It is unnecessary to consider this adjustment in detail. It suffices to say that there are no cement mills in Illinois between St. Louis and Cairo and that the St. Louis-Cape Girardeau adjustment must be considered on its own merits.

Lower rates from Cape Girardeau than from St. Louis would give Cape Girardeau lower rates than Kosmosdale to most of the points involved, taking Louisville rates from Kosmosdale if Kosmosdale is to have the same rates as St. Louis. Cape Girardeau probably is not

entitled to lower rates than Kosmosdale. The distances involved from Cape Girardeau to the interior destination points named above as typical average 138 miles less than the distances from Kosmosdale, but the hauls from Kosmosdale are only one and two line hauls over no bridges at all comparable to the bridges at Thebes and Cairo. No peculiar sanctity attaches, however, to the rate parity maintained for cement between St. Louis and Louisville. Where water competition, actual or potential, depresses and equalizes the rates from St. Louis and Louisville, equal rates from both points may be proper. Paducah and Memphis may be such points of destination, although we believe commercial competition more responsible for the 7-cent rate from St. Louis and Louisville to Paducah. The rates to Cairo are 6.5 cents from St. Louis, 14.7 cents from Louisville. The traffic from St. Louis must cross the Mississippi River, the traffic from Louisville the Ohio River. Evidently little cement moves by water to Cairo. Most of the rates to the interior points involved from St. Louis make over Cairo and, as stated before, are not unduly low. The average distance from St. Louis to the interior points involved is only 40 miles less than the average distance from Kosmosdale, but two bridges or two car ferries are involved from St. Louis; none from Kosmosdale.

The average distance from Cape Girardeau to the same points is 123 miles less than the average distance from Richard City. No expensive bridges are crossed from Richard City but mountain ranges are crossed. The ton-mile earnings from Richard City to 22 points on the Nashville, Chattanooga & St. Louis, the originating line, west of the Tennessee River, named in one of defendants' exhibits, average 1.19 cents for an average haul of 266.5 miles. The ton-mile earnings from Cape Girardeau to the same points average 2.03 cents for an average haul of 167 miles; the ton-mile earnings from Kosmosdale, 1.13 cents for an average haul of 287 miles; the ton-mile earnings from St. Louis, 1.30 cents for an average haul of 265 miles. In *Cement Rates from Points in Illinois, supra*, we refused to allow an increase in the carload rate on cement from Des Moines, Iowa, to St. Paul, Minn., 257 miles, from 7 cents to 9 cents. We authorized an increase from 7 cents to 8 cents. The 8-cent rate authorized yields 6.2 mills per ton-mile. In our opinion the St. Louis-Louisville adjustment is not a bar to lower rates to the points involved from Cape Girardeau than from St. Louis.

We find that the rates assailed from Cape Girardeau unjustly discriminate against Cape Girardeau in favor of St. Louis. Just rates for the future should not exceed rates 2 cents per 100 pounds lower than the rates contemporaneously in effect from St. Louis to the same points except to Memphis and Paducah, to which points the same rates may be applied through southern Illinois from Cape Girardeau and St. Louis. The present adjustment to Memphis through Bridge Junction, Ark., appears proper.

SUB-NO. 2. SOUTHERN ILLINOIS.

Cement traffic from Cape Girardeau to points in this territory is moved by the Frisco south to Chaffee yard; by the Chicago & Eastern Illinois from Chaffee yard across the Thebes bridge to Thebes, Olive Branch, Tamms, Karnak, West Vienna, Marion, Mount Vernon, or Salem, Ill.; by the Iron Mountain from Thebes; the Illinois Central from Olive Branch and Marion; the Mobile & Ohio from Tamms; the Cleveland, Cincinnati, Chicago & St. Louis, hereinafter called the Big Four, from Karnak; the Burlington from West Vienna; the Southern, the Louisville & Nashville, not a party defendant, and the Wabash, Chester & Western from Mount Vernon; and by the Baltimore & Ohio Southwestern and Illinois Southern from Salem. The rates maintained are combination rates based on the junctions named, 5 cents to all junctions except Salem, 5½ cents to Salem, plus the local rates of the several delivering carriers beyond. St. Louis, Hannibal, La Salle, and Mitchell have joint rates materially lower than the rates from Cape Girardeau, although combination rates obtain to a few points on the Mobile & Ohio. Typical points with rates and short-line distances are as follows:

Destination and delivering carrier.	From Cape Girardeau.		From St. Louis.		From Hannibal.		From La Salle.		From Mitchell.	
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.
Fort Gage:		Cts.		Cts.		Cts.		Cts.		Cts.
Iron Mountain.....	79	11.3	73	6.5	190	8.0	265	8.0	224	7.5
I. S.....	70	9.9	109	6.5	226	10.0	276	10.5	221	11.9
Alto Pass: M. & O.....	97	9.4	95	6.5	212	8.0	252	8.0	200	7.5
Carbondale: I. C.....	147	9.2	96	6.0	213	8.5	236	7.5	132	6.5
Wayne City: Southern.....	103	10.3	133	7.9	250	9.0	275	8.0	154	7.5
Ledford: C., C., C. & St. L.....										
Centralia:										
C., B. & Q.....	138	9.6	67	{ 5.5 5.8 }	184	6.0	196	6.0	156	6.5
I. C.....										
Southern.....										
I. S.....										
Murphysboro:										
Iron Mountain.....	75	8.9	88	6.5	205	{ 8.0 10.0 }	260	{ 8.0 10.5 }	206	7.5
I. C.....										
M. & O.....										
Mount Vernon:										
C. & E. I.....	130	5.0	79	{ 5.5 5.8 6.5 }	196	8.0	219	7.5	150	6.5
L. & N.....										
Southern.....										
W., C. & W.....										
Herrin:										
Iron Mountain.....	96	8.4	97	6.5	214	8.0	249	8.0	191	7.5
I. C.....										
C., B. & Q.....										
Elkhorado:										
I. C.....	114	10.9	126	6.0	243	{ 8.0 9.0 }	265	8.0	143	7.5
L. & N.....										
C., C., C. & St. L.....										
Sparta:										
M. & O.....	119	11.7	59	6.5	176	{ 8.0 10.0 }	240	{ 8.0 10.5 }	200	7.5
I. S.....										
Carro:										
Iron Mountain.....	51	5.0	152	6.5	269	8.0	309	8.0	221	7.5
I. C.....										
M. & O.....										
C., C., C. & St. L.....										

¹ Joint rate.

Joint rates are asked from Cape Girardeau relatively the same as the rates from Hannibal, Mitchell, Buffington, and St. Louis.

All of the rates involved except the rates from Cape Girardeau depend upon three basic rates: The 7.5-cent rate shown in the table above from Mitchell to Cairo, the 6.5-cent rate shown from St. Louis and East St. Louis to Cairo, and a rate of 6.5 cents maintained from Mitchell to East St. Louis and St. Louis recently increased 5 per cent to 6.8 cents to St. Louis. As the carriers operating in southern Illinois generally observe the long-and-short-haul rule, these rates are observed as maxima to intermediate points. The 7.5-cent rate from Mitchell to Cairo applies to intermediate points as far back on the Big Four as Eldorado. To points farther back, Carmi and Mount Carmel, a rate of 6 cents applies. The 6.5-cent rate from Mitchell to East St. Louis applies to intermediate points on the Baltimore & Ohio Southwestern as far east as Sandoval; a rate of 6 cents to points intermediate to Sandoval as far east as Lawrenceville, Ill., including Flora. A 6-cent rate also applies from Mitchell to all points south of Flora on the Baltimore & Ohio Southwestern's line from Springfield, Ill., through Flora, Fairfield, and Morris City, to Shawneetown, on the Ohio River southeast of Eldorado. The 6.5-cent rate from St. Louis and East St. Louis applies to intermediate points as far north as Poe, 31 miles south of East St. Louis. It can not be applied from East St. Louis to points intermediate to Poe because the Illinois commission limits the extent of blanket adjustments. The Southern Railway meets the Baltimore & Ohio Southwestern's one-line rates of 6.8 cents from Mitchell to St. Louis and 6.5 cents to East St. Louis over its line from French Lick, Ind., through Mount Carmel, Fairfield, Mount Vernon, and Centralia to St. Louis, in connection with the Chicago, Indianapolis & Louisville Railway from Mitchell to French Lick and the Baltimore & Ohio Southwestern's 6-cent rate to Fairfield. The 6.5-cent rate to East St. Louis is applied to all points between Fairfield and East St. Louis. The Illinois Southern in connection with the Baltimore & Ohio Southwestern carries the 7.5-cent rate applicable from Mitchell to Cairo to Sparta. The Burlington has a one-line haul from Hannibal north through Quincy and Bushnell, Ill., thence south through Shattuc, Centralia, Christopher, Herrin, West Vienna, and Belknap to Metropolis, Ill., opposite Paducah, Ky. The rates maintained are graded 6 cents to Shattuc and Centralia, 7.5 cents to Waltonville, 8 cents Christopher and Herrin, and to points beyond Herrin, including Metropolis. Joint rates of 7 cents, 8 cents, 8.5 cents, or 9 cents apply from Hannibal to numerous points involved not served directly by the Burlington. The Illinois Central has a one-line haul from La Salle. The rates from La Salle are 6 cents to Sandoval

and Centralia; 6.5 cents to East St. Louis and St. Louis; 7.5 cents to Tamaroa; 8 cents to Pinckneyville, Murphysboro, Duquoin, Christopher, Carbondale, Herrin, Benton, Marion, Eldorado, Ozark, Metropolis, and Cairo. The rates maintained from St. Louis grade 5.5 cents to Centralia, Tamaroa, Duquoin, Coulterville, and Pinckneyville; 6.5 cents to Murphysboro, De Soto, Carbondale, Herrin, Marion, Ozark, Metropolis; 6 cents to Christopher, Benton, and Eldorado. The points named and the locations of the lines serving them may be traced on the diagram mentioned under Sub-No. 1.

The 7.5-cent rate from Mitchell to Cairo is said to have been established to meet water competition from Kosmosdale to Cairo. The water rate from Kosmosdale is not stated. The all-rail rate is 8 cents. The 6.5-cent rate from St. Louis to Cairo also is attributed to water competition, although it earns 8.5 mills. The 8.8-cent rate from Mitchell to St. Louis, formerly 6.5 cents, is due to the Baltimore & Ohio Southwestern's desire to put producers at Mitchell in the St. Louis market in competition with local mills and other mills serving St. Louis. The normal basis for cement in central freight association territory is $73\frac{1}{4}$ per cent of sixth class. The sixth-class rate from Mitchell to East St. Louis and St. Louis is 10.5 cents and $73\frac{1}{4}$ per cent of 10.5 cents is 7.7 cents, 1.2 cents higher than the rate from Mitchell to St. Louis when established at 6.5 cents, 9 mills higher than the present rate.

Defendants argue that the basic rates described are low and render the other rates described based on them correspondingly low. Even if true this affords no justification for relatively higher rates from Cape Girardeau than from Mitchell and La Salle, or than from St. Louis and Hannibal to many of the points involved. The rates maintained from Mitchell and La Salle are not affected directly by water competition, but only indirectly by water competition from other points. The real influence therefore is commercial competition. Commercial competition is also the controlling influence upon a number of the rates involved from Hannibal and St. Louis. The lighter effect of water competition from Cape Girardeau than from St. Louis and Hannibal, previously discussed, therefore is entirely immaterial to the rates from Cape Girardeau to most, if not all, points in Southern Illinois, and other differences in conditions must exist to justify the rates from Cape Girardeau.

Defendants urge the complexity of the route from Cape Girardeau and a difference in conditions fairly illustrated by the situation at Wayne City. Wayne City is on the Southern Railway between Browns, Ill., and Centralia, where it connects with separate Illinois Central lines from La Salle. The Illinois Central's rates from La Salle are 6 cents to Centralia, 7.5 cents to Browns. To handle traffic

from La Salle to Centralia the Southern must receive it at East St. Louis or Browns, while traffic to Browns must be received either at East St. Louis or Centralia. The Southern states that it accordingly participates in joint rates to both points equal to the Illinois Central's one-line rates, and to observe the long-and-short-haul rule applies the 7.5-cent rate to Browns, to Wayne City, and other points intermediate to Browns from La Salle through East St. Louis or Centralia. The Frisco and the Chicago & Eastern Illinois maintain a 5-cent joint rate from Cape Girardeau to Mount Vernon, a point on the Southern between Wayne City and Centralia, but have not another route to some point on the Southern east of Wayne City, so that no long-and-short-haul problem is involved to Wayne City from Cape Girardeau.

The conditions described are different from La Salle than from Cape Girardeau, but not differentiating. The rates from La Salle to Wayne City and Browns are maintained in accordance with the long-and-short-haul rule voluntarily and without trial of the Southern's right to apply a lower rate to Wayne City than to Browns. The conditions from Hannibal to Wayne City, moreover, are almost identical with the conditions from Cape Girardeau. The Burlington connects with the Southern at East St. Louis and Centralia, west of Wayne City, but not at another point east of Wayne City. A joint rate of 8.5 cents is maintained from Hannibal to Wayne City, 213 miles by the short line; a combination rate of 9.2 cents from Cape Girardeau, 147 miles. Traffic from Hannibal through East St. Louis crosses the bridge rented by the Burlington between West Alton and Alton. Other points could be cited besides Wayne City. The Mobile & Ohio asserts that it maintains only combination rates to local points on its line from St. Louis to Cairo from the other producing points involved, as well as from Cape Girardeau. The tariffs show joint rates from Hannibal to local points south of Poe, except Cairo, one-half cent lower than combination rates based on St. Louis, 2 cents lower than combination rates based on East St. Louis, and joint rates from La Salle to the same points $2\frac{1}{2}$ cents less than combination rates based on East St. Louis. Combination rates are maintained to local points from Mitchell.

The combination rates involved from Cape Girardeau shut complainant out of most points in southern Illinois. Joint rates are maintained from Gulf Junction, 2 miles south of Cape Girardeau on the Frisco, the site of complainants' mill, to points on the Iron Mountain's line from Thebes to Herrin, 7 cents to Murphysboro, $7\frac{1}{2}$ cents to points beyond, including Herrin. The Mobile & Ohio participates in the rate named to Murphysboro. During the year 1913 complainant marketed 84 carloads of cement at these points, only 6

carloads at points taking combination rates from Cape Girardeau or Gulf Junction.

The hauls from Cape Girardeau are three-line hauls, including service over the Thebes bridge, while only one and two line hauls are involved from Hannibal, La Salle, Mitchell, and St. Louis. We have already shown, however, that service from Cape Girardeau to Thebes is substantially the same as the service from the mills at St. Louis to East St. Louis. The 5-cent joint rate maintained by the Frisco and Chicago & Eastern Illinois from Cape Girardeau to Illinois junctions as far north as Mount Vernon, 130 miles, fortifies the conclusion. These two carriers, moreover, are willing to maintain joint rates with the delivering carriers in southern Illinois upon any reasonable basis acceptable to the delivering lines. The 7-cent joint rate from Gulf Junction to Murphysboro yields 1.81 cents per ton-mile for a distance of 77 miles, the 7.5 cent rate from Gulf Junction to Herrin, 98 miles, 1.53 cents per ton-mile, as compared with 6.28 mills for an average haul of 88 miles in the territory involved in the *Five Per Cent case, supra*. The 5-cent rate applicable from Cape Girardeau to Mount Vernon, 130 miles, yields 7.6 mills per ton-mile, 3.5 cents as applied to Thebes, 28 miles.

The combination rates assailed are clearly unjustly discriminatory and unreasonable. Cape Girardeau is entitled to through routes and joint rates to all of the points involved in southern Illinois. The Frisco, the Chicago & Eastern Illinois, and defendant connecting carriers in southern Illinois, accordingly, will be required to establish joint rates from Cape Girardeau to points in Illinois on and south of the line of the Baltimore & Ohio Southwestern Railroad through Lawrenceville to East St. Louis, not in excess of 78 per cent of the present combination rates, the relation of the present joint rate from Gulf Junction to Murphysboro, to the present combination rate from Cape Girardeau to Murphysboro and of the present joint rate from St. Louis to Herrin to the present combination rate from Cape Girardeau to Herrin. The Illinois Southern may maintain joint rates from Cape Girardeau to the points involved on its line by way of Ste. Genevieve, Mo.

SUB-NO. 3. MISSISSIPPI AND LOUISIANA EAST OF THE MISSISSIPPI RIVER.

Complainant compares the rates from Cape Girardeau to this territory principally with the rates from St. Louis and Richard City. The rates from St. Louis are joint rates generally 5 cents per 100 pounds over the rates from Cairo, or the locals to some other river point south of Cairo, over the local rates beyond the river points. The rates from Cape Girardeau are combination rates based on Cairo,

Memphis, New Orleans, or some other river points, whichever combination makes lowest, or joint rates the same as the joint rates from St. Louis to the same points. The same rates apply to the river points involved from St. Louis and Cape Girardeau, except for the Frisco's 7-cent rate from Cape Girardeau to Memphis through Bridge Junction, Ark., 2 cents lower than the rate from St. Louis to Memphis. Combination rates from Cape Girardeau based on Memphis over the route through Bridge Junction are a maximum of 2 cents lower than the rates from St. Louis to the same destinations. All other combination rates from Cape Girardeau, like the joint rates maintained, are the same as the rates to the same points from St. Louis. The joint rates from St. Louis and Cape Girardeau to New Orleans is 12.5 cents. A rate of 10.5 cents applies from Gulf Junction to New Orleans, although defendant Illinois Central contests its propriety. Hannibal has rates to Memphis and river points south of Memphis 2 cents higher than the corresponding rates from St. Louis. St. Louis has the same advantage over Hannibal generally to interior points also. The rates from Richard City are adjusted to meet commercial competition by rail from Kosmosdale, Birmingham, Ragland, Leeds, and by water from the east through New Orleans. The following table shows typical rates with short-line distances and the manner in which the rates are constructed, rates stated in cents per 100 pounds.

Destination and delivering carrier.	Cairo rate.	Mem- phis rate.	Green- ville rate.	Vicks- burg rate.	Natch- es rate.	Jack- son rate.	New Orleans rate.
Cairo, Ill. ¹	Cents.	Cents. 9.0	Cents.	Cents.	Cents.	Cents.	Cents.
Memphis, Tenn. ¹							
Greenville, Miss. ¹							
Vicksburg, Miss. ¹							
Natchez, Miss. ¹							
Baton Rouge, La. ¹							
New Orleans, La. ¹							
Holly Springs, Miss. ¹							
Frisco.....							
I. C.	10.0	6.0					
Clarksville: Y. & M. V.	16.0	10.0					
Grenada: I. C.	13.0	9.0					
Boonville: M. & O.	12.0	10.0					
Durant: I. C.	15.0	11.0					
Jackson:							
I. C.							
Y. & M. V.							
A. & V.							
G. & S. I.							
N. O. & N.							
Port Gibson: Y. & M. V.				5.0			
Hazlehurst: I. C.	16.5	13.0					
Brookhaven:							
I. C.	17.5	14.0		3.5			
M. C.							
Fenwick: M. C.					4.0		
Braxton: G. & S. I.						5.0	
Hattiesburg:							
M. C.							
G. & S. I.							
N. O. & N. E.							6.5
N. O., M. & C.							
McComb: I. C.							9.0

¹ River points.

Destination and delivering carrier.	From St. Louis.		From Cape Girardeau.		From Rich-ard City.		From Hannibal.	
	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.	Miles.	Rate.
		<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>		<i>Cents.</i>
Calro, Ill. ¹	152	{ \$ 5.0 \$ 6.5	51	5.0	.....	.....	269	8.0
Memphis, Tenn. ¹	305	9.0	174	{ \$ 9.0 \$ 7.0	286	9.0	422	11.0
Greenville, Miss. ¹	443	14.0	325	14.0	.....	.....	580	16.0
Vicksburg, Miss. ¹	512	14.0	394	14.0	468	18.0	629	16.0
Natchez, Miss. ¹	589	14.0	471	14.0	522	13.0	706	16.0
Baton Rouge, La. ¹	658	14.0	540	14.0	591	13.0	795	16.0
New Orleans, La. ¹	699	12.5	569	12.5	528	10.0	815	14.5
Holly, Springs, Miss.: Frisco.....	388	15.0	219	{ \$ 15.0 \$ 13.0	260	14.0	455	17.0
I. C.....			.....	.....	.....	.....
Clarksville: Y. & M. V.....	369	18.0	251	{ \$ 17.0 \$ 16.0	353	18.0	498	21.0
Granada: I. C.....	404	18.0	274	{ \$ 16.0 \$ 19.0	333	18.0	521	20.0
Boonville: M. & O.....	344	19.0	243	{ \$ 19.0 \$ 17.0	214	14.0	461	21.0
Durant: I. C.....	457	20.0	327	{ \$ 18.0	381	20.0	574	22.0
Jackson: I. C.....	515	17.0	385	{ \$ 17.0 \$ 17.0	424	14.0	632	19.0
Y. & M. V.....			.....	.....	.....	.....
A. & V.....			.....	.....	.....	.....
G. & S. I.....			.....	.....	.....	.....
N. O. & N. E.....	555	19.0	424	{ \$ 19.0 \$ 20.0	498	18.0	672	21.0
Port Gibson: Y. & M. V.....			.....	.....	.....	.....
Haselhurst: I. C.....	549	21.5	419	{ \$ 20.0 \$ 22.5	458	19.0	666	23.5
Brookhaven: I. C.....	569	22.5	439	{ \$ 22.5 \$ 21.0	478	19.5	686	24.5
M. C.....			.....	.....	.....	.....
Fenwick: M. C.....	601	18.0	483	{ \$ 18.0 \$ 22.0	534	15.5	707	20.0
Braxton: G. & S. I.....	549	22.0	409	{ \$ 22.0	448	19.0	666	24.0
Hattiesburg: M. C.....	605	19.0	474	{ \$ 19.0	413	16.5	722	21.0
G. & S. I.....			.....	.....	.....	.....
N. O. & N. E.....			.....	.....	.....	.....
N. O., M. & C.....			.....	.....	.....	.....
McComb: I. C.....	593	21.5	463	{ \$ 21.5	502	19.0	710	23.5

- ¹ River points.
² Differential used for traffic beyond.
³ Local rate.
⁴ Through Calro.
- ⁵ Through Bridge Junction, Ark.
⁶ Joint rate.
⁷ Memphis combination.
⁸ Calro combination.
- ⁹ Vicksburg combination.
¹⁰ New Orleans combination.

Rates are asked from Cape Girardeau 2 cents per 100 pounds lower than the rates contemporaneously maintained from St. Louis but not higher than the rates from Richard City.

The rates shown in the above table from St. Louis to the interior points named earn an average of 7.78 mills for an average haul of 495 miles. The rates from St. Louis to the Arkansas points shown in the table given above in No. 7109 and to the Louisiana points named as far south as Alexandria earn an average of 7.83 mills for an average haul of 490 miles. Cape Girardeau has substantially the same advantage in distance over St. Louis to Mississippi points as it has to Arkansas and western Louisiana points. St. Louis has differentials under Hannibal to the points described on both sides of the Mississippi River 4 cents per 100 pounds to the points named west of the river, 2 cents generally to points in Mississippi. Traffic can move from St. Louis and Cape Girardeau to Mississippi points directly through Memphis over the Frisco to Memphis. The Frisco voluntarily has accorded Cape Girardeau a differential of 2 cents per 100

pounds under St. Louis to Memphis. The average short-line distances to the typical interior Mississippi points named from Cape Girardeau and Richard City are 370 miles from Cape Girardeau, 408 miles from Richard City. The present rates from Richard City to these points average 17.27 cents; the rates from Cape Girardeau, including some rates based on Memphis, 2 cents lower than the corresponding rates from St. Louis, 18.77 cents. Rates from Cape Girardeau 2 cents under the present rates from St. Louis to all of the points named would average 17.27 cents.

We find that rates from Cape Girardeau to points in Mississippi, except Mississippi River points, as high as the rates to the same points from St. Louis unjustly discriminate against Cape Girardeau in favor of St. Louis. Just rates for the future should not exceed rates 2 cents per 100 pounds lower than the rates contemporaneously maintained from St. Louis to the same points. Rates from Cape Girardeau to points in Louisiana east of the Mississippi and to Mississippi River points in Mississippi may equal the rates to the same points from St. Louis.

Appropriate orders will be entered.

THE OGDEN GATEWAY CASE.

INVESTIGATION AND SUSPENSION DOCKET No. 519.

INCREASED PASSENGER FARES VIA THE DENVER & RIO GRANDE RAILROAD THROUGH THE OGDEN AND SALT LAKE CITY GATEWAYS.

Submitted February 12, 1915. Decided July 2, 1915.

1. The Commission has no power to prevent the cancellation of through routes and joint rates voluntarily established by the carriers when the circumstances and conditions are such as would not warrant an order by the Commission to compel such arrangements if not already in effect.
2. The proposed cancellation by the Union Pacific of through routes and joint fares in connection with the Denver & Rio Grande through the Ogden gateway as described in the report found to be justified. Suggestions made, however, as to the continuance of through accommodations for the benefit of travelers desiring to pass over that route at the lawful fares available.

H. A. Scandrett, N. H. Loomis, and P. L. Williams for Union Pacific system.

E. N. Clark and J. G. McMurry for Denver & Rio Grande Railroad Company.

G. A. H. Fraser for Colorado Midland Railway Company and *G. W. Vallery*, its receiver.

H. G. Herbel and F. G. Wright for Missouri Pacific Railway Company.

W. F. Jensen, W. J. Halloran, and W. S. McCarthy for Salt Lake City Commercial Club.

J. A. Blomquist for Public Utilities Commission of State of Idaho.

D. M. Kelly, J. H. Alvord, and E. A. Morley for Railroad and Public Service Commission of Montana and Chamber of Commerce of Butte, Mont.

C. W. Darrow, C. C. Canady, Benjamin Griffith, G. W. Bruce, C. J. Moynihan, and J. F. Kyle for various business, commercial, and fruit produce associations.

A. W. Henderson and W. H. Spurgeon for Chamber of Commerce of Colorado Springs.

G. W. Knight and A. S. Donaldson for Colorado Wholesale Fruit and Produce Dealers' Association.

J. W. Kelley, G. S. Elstun, A. F. Wey, E. E. Nichols, W. W. Lucas, B. D. Keith, and A. W. Henderson for Rocky Mountain Hotel Men's Association.

D. N. Cooper and *D. W. Ross* for Canon City Business Men's Association.

C. H. Howe for Denver Chamber of Commerce and Colorado State Chamber of Commerce.

L. Antles for Grand Junction Chamber of Commerce.

D. A. Gray for Pueblo Commercial Club.

A. L. Swim for Twin Falls Commercial Club.

William McCallum and *G. D. Williams* for Leadville Commercial Club.

A. P. Anderson for Colorado Public Service Commission.

R. B. Scott and *L. W. Wakeley* for Chicago, Burlington & Quincy Railroad Company.

W. F. Dickinson and *J. A. Stewart* for Chicago, Rock Island & Pacific Railway Company.

G. D. Williams and *Wallace Schoolfield* for Commercial Club of Salida, Colo.

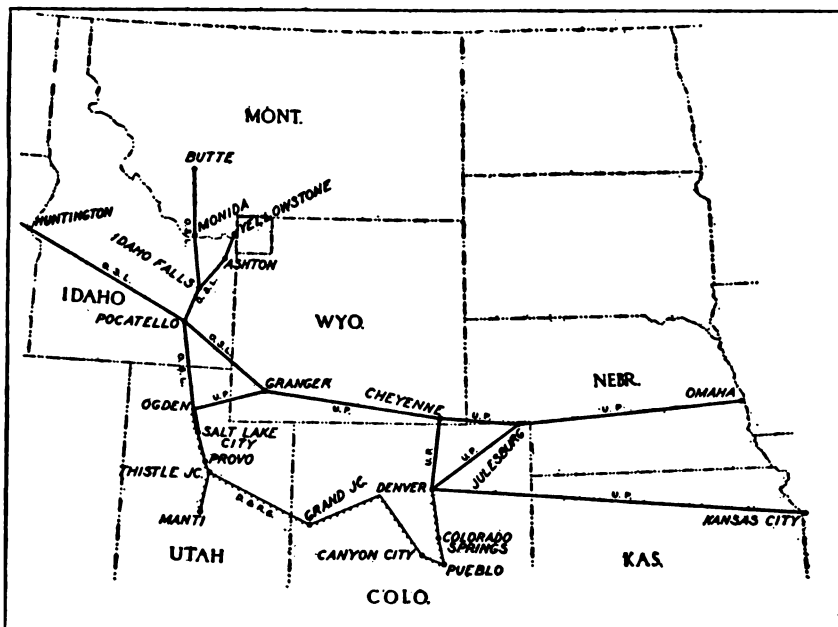
REPORT OF THE COMMISSION.

HARLAN, Commissioner:

By the tariffs under suspension in this proceeding the Union Pacific system has proposed to cancel the joint through passenger fares now in effect in connection with the Denver & Rio Grande between points in the territory of the Oregon Short Line and points east of and including Colorado common-point territory. The purpose of that course is to give to the Union Pacific Railroad and the Oregon Short Line Railroad, two of the lines forming a part of the Union Pacific system, a longer haul than they now enjoy on passenger traffic to and from the local territory served by the Oregon Short Line. The territory served by the Oregon-Washington Railroad & Navigation Company, another link in the Union Pacific system extending westward from its junction with the Oregon Short Line, is not affected by the proposed tariffs and no restrictions are proposed with respect to the interchange with the Denver & Rio Grande of passengers traveling to and from points within that territory. The benefit flowing from the cancellation of the fares in question would accrue to the Union Pacific Railroad only, the Oregon Short Line being benefited only to the extent that the earnings of the system, as a whole, may be increased if the tariffs under suspension are allowed to become effective.

The publication of the tariffs referred to resulted in widespread protests on the part of communities located upon the rails of the Denver & Rio Grande and Colorado Midland railroads in the states of Colorado and Utah, and also called forth vigorous protests from the railroad commissions of Idaho and Montana. The controversy is therefore of importance not only to the traveler, who heretofore

has been accorded a free and unrestricted choice of routes in going to or from the points reached by the Oregon Short Line, but is important to the Denver & Rio Grande, the principal protesting carrier, and to some extent to the communities served by it. The accompanying plat explains the situation and shows the geographic relation of the two carriers to the territories involved:



The record deals with certain fares that are not included in the tariffs under suspension. The hearing took that turn because of the known purpose of the Union Pacific system no longer to remain a party to any through fares to or from the Oregon Short Line's territory by way of the Ogden and Salt Lake City gateways in connection with the Denver & Rio Grande, and because of its announced intention soon to file tariffs canceling practically all such fares. Much testimony was therefore presented of record, especially with reference to Yellowstone Park travel, as if the tariffs canceling those and other joint fares had already been filed. By common consent, therefore, both the hearing and the argument were directed to this larger issue, and the matter will be considered from that standpoint in this report. The record as made relates both to one-way and round-trip fares.

The Union Pacific system extends from Omaha and Kansas City on the east through Granger and Ogden to Portland and Seattle on the west, and consists of the Union Pacific Railroad, the Oregon Short Line, and the lines of the Oregon-Washington Railroad & Navigation

Company. The main lines of the Union Pacific Railroad extend from the Missouri River to Ogden; those of the Oregon Short Line extend from Ogden and Granger to Pocatello in the state of Idaho; from that point one branch runs up into Montana to Butte and another to Huntington in the state of Oregon. The main line of the Oregon-Washington Railroad & Navigation Company extends from Huntington to Portland and Seattle. The stock of the latter company is owned by the Oregon Short Line, which in turn is owned by the Union Pacific. The three companies have joint executive officers, and the director of traffic has general charge of the traffic of the whole system. Although they are separately incorporated and separately report to the Commission, they are operated under a common management and control, and together may be said to constitute one system extending from the Missouri River to the Pacific coast. For convenience the system is hereafter referred to as the respondent.

As just stated, the Union Pacific Railroad extends from Omaha and Kansas City to Ogden; and Denver is approximately midway between the Missouri River and Ogden. It is to be observed, however, that the proposed tariffs contemplate no restrictions in the routing of passengers from the east to Denver by way of the prairie lines; a passenger taking a train at Omaha, for example, to a local point on the rails of the Oregon Short Line may travel to Denver over the Burlington or the Rock Island and is not compelled, under the tariffs now in effect or by those under suspension, to use the rails of the Union Pacific to Denver. Upon reaching that point, however, the tariffs under suspension, if permitted to go into effect, will require him to continue his journey to destination over the Union Pacific and will deny him the privilege of traveling to Ogden by way of the Denver & Rio Grande. If the tariffs become effective, the main line of the Rio Grande will be eliminated as an optional route, except at a higher charge, to or from the territory affected, although its rails extend from Denver to Ogden through probably the best known and most widely advertised section of the Rocky Mountains. This course has been proposed in order that the Union Pacific, as before stated, may obtain a longer haul of passengers traveling to and from the territory of the Oregon Short Line. The Denver & Rio Grande contends that this is a discrimination against it and is not the exercise of a legal right of the Union Pacific.

Through fares between the territories in question have been in effect over the rails of the respondent in connection with the Denver & Rio Grande since 1897, and there was spread of record a full history of the facts and conditions under which that route was put on a rate parity with the more direct route of the respondent. It is not necessary, however, to discuss the history of the adjustment here;

it will suffice to say that the tariffs under suspension propose to alter a rate adjustment that has been in effect continuously for a period of nearly 18 years. There is practically no conflict of fact in the case. The Union Pacific system stands upon what it regards as its legal right to retire from a rate arrangement that short hauls its own lines, and it contends that it is entitled to the long haul on passenger traffic to and from the territory served by the Oregon Short Line. Its withdrawal from participation in joint fares through the Ogden and Salt Lake City gateways in connection with the Denver & Rio Grande will leave in effect over that route materially higher charges based on the intermediate fares. The result undoubtedly will be to divert to the rails of the respondent much of the passenger traffic between the territories in question.

The respondent asserts that it is now the general practice among railways to conserve their long hauls on passenger traffic to and from their own local territories, and a number of more or less important illustrations of this were spread of record. The protestants, on the other hand, contend that there is no such general practice, especially in the undeveloped western part of the country, and that for every such illustration offered by the respondent many illustrations to the contrary may be drawn from other tariffs on file with the Commission. Testimony in support of this assertion was given by representatives of the passenger department of the Burlington, Rock Island, and of the Denver & Rio Grande railroads. It is not necessary, however, in reaching conclusions as to the right of the respondent to pursue the course contemplated by it, to detail here the testimony of record in that connection.

Several reasons are assigned for the unwillingness of the Union Pacific system longer to be short hauled on passenger traffic to and from the territory of the Oregon Short Line. In the first place, large expenditures have been made by the respondent in the construction of its branch lines, and particularly to Yellowstone Park and in the Oregon Short Line territory. In 1897, when the latter road first established joint rates with the Denver & Rio Grande, its branch lines aggregated only 186 miles in length. Since that time branch lines of a total length of 1,016 miles have been constructed. Apparently only two of these branch lines are remunerative. The branch to Yellowstone Park is almost exclusively a passenger road, the freight revenues being inconsiderable. It is not open throughout the entire year because its services are in demand for passenger travel only from June 14 to September 21, this being practically the park season, and for freight traffic only from May 1 to October 25. It is said that after allowing a return of 6 per cent on the investment in that branch line there was a deficit of more than \$46,000 on its operations for the year ended

June 30, 1914. Certain exhibits offered by the respondent tend to show an expenditure by it, in the territory affected by the tariffs under suspension, of \$109,000,000, exclusive of its investment in machine shops, locomotives, and cars. This large expenditure was made to enable the Union Pacific system to serve Idaho and the adjacent territory. The Union Pacific contends that the Denver & Rio Grande, on the other hand, was built to serve Colorado and has not invested a dollar in the Oregon Short Line's territory. The respondent asserts that it has no quarrel with the Denver & Rio Grande respecting the divisions of the joint through fares, but that the Union Pacific is simply facing a condition that is unsatisfactory, the total revenues, especially from summer tourist and colonist fares, being too thin to furnish a fair remuneration either to the respondent or to the Denver & Rio Grande for the service under the present joint rates.

Another reason urged by the Union Pacific system in support of its proposed cancellation of the joint fares now in effect with the Denver & Rio Grande is that the direct short line in almost all cases is over the rails of the Union Pacific system. From Omaha to Pocatello, for example, the total distance over the respondent's rails through Granger is 1,068 miles, while the shortest mileage over the rails of the Denver & Rio Grande is in connection with the Burlington to Denver and makes a total distance of 1,451 miles, or 383 miles in favor of the short line. By the former route the one-way fare as now established yields a revenue per passenger mile of 2.64 cents; by the latter route the earnings are but 1.94 cents. The summer tourist and colonist fares show the same disparity of earnings under fares applicable over the Denver & Rio Grande route as compared with the earnings under the same fares applicable over the short-line route of the respondent. If, however, the passenger takes advantage of the side trips, offered by the Union Pacific system without extra charge, to Pueblo and Salt Lake City, the mileage actually traveled in the journey between Omaha and Pocatello becomes 1,606 miles, and the revenue per passenger mile at the current one-way fare of \$28.29 is reduced to 1.76 cents.

The round-trip fare between Omaha or Kansas City and Yellowstone Park, when applied over the Union Pacific system through Ogden, yields a revenue per passenger mile of 1.23 cents, as compared with 0.99 cent per mile over the shortest route in connection with the Denver & Rio Grande. There is not such a difference in revenue per passenger mile in favor of the Union Pacific routes in all cases, but the illustrations given are said to be fairly typical; and the position taken by the respondent is that since the fares are based on the short-line mileage the Union Pacific should not be required to maintain them over the much more circuitous routes.

In addition to the shorter mileage and more adequate revenues per passenger mile over its rails, the service of the Union Pacific system in point of time is much superior. The fastest train over its rails from Omaha reaches Ogden in 18 hours and 55 minutes less time than the best train between the same points over any route in connection with the Denver & Rio Grande. From Omaha to Pocatello the time is 19 hours and 30 minutes shorter, and to Yellowstone Park 19 hours and 45 minutes shorter than any route that embraces the rails of the Denver & Rio Grande. The Union Pacific system also operates daily more trains over the direct routes than move over the Denver & Rio Grande; there are five trains, for passengers only, that cross the state of Wyoming daily in each direction on the rails of the respondent. The respondent has also spent large sums of money in advertising the attractions of Yellowstone Park and in the effort to increase its passenger traffic generally. The Denver & Rio Grande has also made substantial expenditures in advertising and has helped in this respect to stimulate travel to Yellowstone Park, to the advantage of the Oregon Short Line. In fact, the record shows that the attractions of the Denver & Rio Grande route are a material factor in the inducement of travel to the park, and it is perhaps in recognition of this that the Union Pacific at the hearing offered so to revise the proposed tariffs as to permit the Rio Grande to share in all round-trip tickets sold to that point to the extent of a haul in one direction. But the respondent contends, as a principle especially applicable in this case, that if private capital is invested in the extension of lines into new and unproductive territory the carrier undertaking a public service under such conditions ought to be permitted to make the fullest use of its facilities and not be required to share its passenger traffic with another line over a longer and much more circuitous route.

It is pointed out by the Denver & Rio Grande that although the mileage by way of the Union Pacific between the Missouri River and Oregon Short Line territory is less and the time faster, this is not the case where travel from the south is concerned. For example, the distance from Fort Worth to Pocatello by way of the Fort Worth & Denver City, Colorado & Southern, and Union Pacific through Granger is 1,461 miles, and through Ogden 1,527 miles; by the route of the Denver & Rio Grande it is 1,477 miles. The time by either route is the same.

The protests of the communities served by the Denver & Rio Grande were directed largely to the probable effect the proposed tariffs would have upon the volume of travel now passing through those places. Large investments have been made in hotels for the accommodation and entertainment of tourists, and thousands of dollars are spent annually in advertising in order to advise the

country at large of the attractions to be found at such resorts as Colorado Springs, Manitou, Glenwood Springs, Salt Lake City, and others. If a change is made in the conditions which have existed for the past 18 years, by which the opportunity to pass through those communities is denied the traveler, it is asserted that there would be a material loss to this region and to the farming and fruit sections of western Colorado.

The desire of a large proportion of the traveling public to see the Denver & Rio Grande territory is not denied. An exhibit introduced by that carrier showed a total travel over its rails in the year 1913 of 16,145 passengers to and from points served by the Oregon Short Line. In that year the total number of tourists entering the Yellowstone Park by way of the Oregon Short Line was 11,907, and of that number the Denver & Rio Grande carried 5,860, or 49 per cent. There is testimony of record to the effect that in the solicitation of travel to Oregon Short Line territory it is vital to the interests of the prairie lines to enjoy the advantage of issuing through tickets by way of the Denver & Rio Grande and Colorado Midland railways, and that if this privilege is denied them their ability to secure traffic except from purely local points would be greatly lessened. It thus becomes apparent that in proposing to withdraw from participation in joint fares over the Denver & Rio Grande the respondent has largely considered only its own interests.

The increase in fares over the Denver & Rio Grande to Oregon Short Line territory, if the interchange at Ogden on the present fares is discontinued, would amount, as is stated of record, to from 20 cents in some cases to as high as \$30.10 on certain classes of round-trip tickets, with a proportionate increase in excess baggage rates. Based on the travel during the year 1913 the additional cost to the public in using the route of the Denver & Rio Grande under the high charges would have been approximately \$125,000. A substantial number of passengers over that route consists of traveling men covering the territory between Denver and Idaho and Montana, and they must use the Denver & Rio Grande, at least in one direction. The increase in the fare would directly affect such passengers because of their inability to make use of the lower fares by the direct line of the Union Pacific. It was suggested that by purchasing transcontinental scrip books the commercial traveler would be able to make his circuit at approximately the present round-trip rates, but that form of transportation requires a substantial initial outlay and is not in very extensive use.

The more important facts disclosed of record, as well as the various contentions advanced upon the argument by the parties in interest, have been stated at length, but it seems unnecessary to discuss them

in detail, for the principle involved in the case is quite simple and is not embarrassed by any substantial conflict of fact.

We have seen that the direct route between the territories in question is over the rails of the Union Pacific; from Omaha to Pocatello, for example, the direct route, as heretofore stated, is 383 miles shorter than the route between the same points in connection with the rails of the Denver & Rio Grande. It has also been shown that the fastest passenger trains over the direct route from Omaha to Ogden, for example, make the run in almost 19 hours less time than is required by the best train over the indirect route. This is due not only to the shorter mileage, but doubtless, to some extent, to the fact that the Union Pacific crosses the mountains at a substantially lower level and on less severe grades than are found on the Denver & Rio Grande. It is the direct route, therefore, that fixes the fare the traveler must pay when journeying between the territories in question; and in the absence of a showing of record to the contrary we must assume that the existing fare over that route is reasonable and is a normal fare for that service. On the other hand, the application of the same fare over the longer and more indirect route, with its greater altitude and severer grades, can be regarded in no other light than as a rate concession to the traveler in the interest of that route. Although the latter route opens to the passenger mountain scenery and other attractions not to be found on the more direct route of the Union Pacific, nevertheless, as an additional inducement to travelers to take the indirect route, it was apparently found necessary to concede to them the same fare that is in effect over the shorter route of the Union Pacific. It is true that this rate parity over the two routes has been in effect for nearly 20 years, and this fact is relied upon by the protesting carrier and by the several communities that have intervened in the proceeding as a significant and a practically controlling feature in the controversy. Does that fact, however, qualify the right of the Union Pacific now to withdraw from the arrangement? Does the long continuance of the parity in fares over the two routes give to the Denver & Rio Grande the legal right to insist upon that relation of fares for all time to come?

The amended provision of section 15 of the act giving to the Commission certain powers in respect of requiring carriers to establish through routes and joint rates has been considered in *C. & C. Traction Co. v. B. & O. S. W. R. R. Co.*, 20 I. C. C., 486; *Corporation Commission of Oklahoma v. A., T. & S. F. R. R. Co.*, 23 I. C. C., 656; and still more recently in *Chamber of Commerce of New York v. N. Y. C. & H. R. R. R. Co.*, 24 I. C. C., 55. There are also other and subsequent cases in which our powers under that provision of the act are discussed. These rulings are cited by the respondent in

support of its contentions. It also relies upon the exact wording of the law in that behalf. The provision as amended in 1910 is as follows:

And in establishing such through route the Commission shall not require any company, without its consent, to embrace in such route substantially less than the entire length of its railroad and of any intermediate railroad operated in conjunction and under a common management or control therewith which lies between the termini of such proposed through route, unless to do so would make such through route unreasonably long as compared with another practicable through route which could otherwise be established.

As the direct route is over its own rails and is very much shorter both in distance and in point of time than the indirect route in connection with the Denver & Rio Grande, and as the Oregon Short Line and the Union Pacific are operated under a common management and control, the position taken by the respondent is that, as an original question, it would be beyond our power to require it to join with the Denver & Rio Grande in establishing through routes and joint rates between the territories in question. That being the case, it is further contended that it is likewise beyond our power to require the respondent to continue an arrangement already in existence but from which it now desires to withdraw.

There is no occasion here for a review of the cases cited or for any further discussion of the scope and application of that part of section 15 of the act under which we may require interstate carriers to establish through routes and joint rates. The provision has been already sufficiently construed. Every such controversy, however, must be considered in the light of all the facts and conditions surrounding it. But this much may be said in addition to what has already been said by the Commission in its published reports, namely, that we do not perceive from the language of the act that we have any larger or different powers when dealing with tariffs by which it is proposed to cancel an existing through route and existing joint fares applicable thereto than we have in connection with a complaint praying for an order establishing a through route and reasonable and just rates applicable thereto where no such route has already been established. The long continuance of a through route and of joint rates on traffic moving over it is often a fact of substantial importance and one that must always be considered, together with all other pertinent facts of record, in order to enable us to arrive at sound conclusions in such a case; it has never been held, however, to be a controlling factor in any case. Our authority in such matters is statutory and can not be enlarged by the previous course of the carriers. We think it clear that we have no power under section 15, nor should we assume the power to prevent the cancellation of through routes and joint rates voluntarily established by the carriers when, as in this case, the circum-

stances and conditions are such as would not warrant an order to compel such arrangements if not already in effect.

The situation before us is a very practical one. The Denver & Rio Grande route, as hereinbefore pointed out, is longer by nearly 400 miles and is 19 hours longer in point of time. Under such circumstances if no through route were now open, an order, based on the record before us, requiring the Union Pacific system to short haul itself by establishing the present parity of fares over the Denver & Rio Grande would be illogical and arbitrary in the highest degree. It would be no less so should we undertake to exercise our power under the same provision of law by compelling the Union Pacific to continue a rate adjustment which we could not lawfully require it to establish as an original question. The fact that such an adjustment is now in effect and has voluntarily been maintained for many years gives the protestant and the communities served by it no vested right to a continuance of the adjustment for all time to come; and the differences between the two routes in mileage and point of time and in their physical characteristics are too substantial to be disregarded, even if our powers under the provision of the act relating to joint rates and through routes were plenary and entirely unrestricted by the important limitations pointed out in the cases above cited. To force the Union Pacific to continue the present parity of rates over the Denver & Rio Grande, notwithstanding the great differences in the character of the two routes, would be in complete disregard of its definite legal right under section 15 of the act not to be short hauled against its will and consent.

All things considered, the general contentions of the Union Pacific on the questions at issue must be sustained; and in reaching that conclusion we have not overlooked the fact that under tariff authority it offers to passengers over its direct route certain side trips without additional charge. When this free mileage is added to the mileage of its direct route between the points in question the disparity in the service as between the two routes is substantially modified. In our judgment, however, this does not alter, but the necessity for holding out such inducements to travelers to use its more direct route rather emphasizes, the right of the Union Pacific to take the action proposed in the tariffs under suspension and in those about to be filed, as is explained of record and heretofore mentioned. The contention of the Denver & Rio Grande that it will be subjected to undue discrimination if the Union Pacific refuses longer to be short hauled by it between Denver and Ogden while it permits the prairie lines to short haul it from Kansas City and Omaha to Denver is without force. The Denver & Rio Grande is not affected in any way by the arrangements of the Union Pacific with the prairie lines, and we have been unable to see that its different policy under the different conditions prevailing east

of Denver can be said to subject the Denver & Rio Grande to any undue discrimination when the Union Pacific enforces another policy west of Denver. A policy of this kind on the part of the Union Pacific with respect to one part of its system can not be held to be an undue discrimination as a matter of law because of a different policy with respect to another part of its line, unless it so works out as a matter of fact and in actual practice. This is not the case here. There is undoubtedly a difference in treatment, but it is followed by no adverse consequences to the Denver & Rio Grande. Should the respondent also withdraw its present joint passenger fares with the prairie lines no benefit would accrue to the Denver & Rio Grande; nor do we see that any harm would result to it by the continuance of joint fares between the Union Pacific and the prairie lines up to Denver after the parity of rates over the Denver & Rio Grande route shall have been withdrawn.

Upon the argument the respondent indicated its purpose to modify its tariffs here under consideration by making round-trip tickets to the Yellowstone Park available in one direction over the Denver & Rio Grande. We think this should be done in the general interest of both lines and in the interest of the traveling public. It appears also that between some of the points in question, especially on travel from the south and southeast by way of Pueblo or Colorado Springs, the route over the rails of the Denver & Rio Grande is shorter than the Union Pacific route, and in other cases is approximately as short. While this phase of the matter received relatively little attention on the argument and is not fully discussed upon the record, it may be well to say that as at present advised we think the present adjustment should not be disturbed in such cases, if that can be avoided. We see no reason also why any departures from the provisions of the fourth section should be permitted as the result of the course here proposed by the Union Pacific system.

Throughout the record and on the argument the proposal of the respondent to withdraw the parity of rates over the route of the Denver & Rio Grande is referred to by the protestants as a closing of the latter route. A through route in the sense in which this term is generally used embraces two or more lines of railroad moving traffic under conventional agreements at rates or fares made applicable for the through service between designated points. The fares for the through service may be joint fares or a combination of local fares. The withdrawal of joint fares does not therefore close a through route in the sense that passengers may no longer have a through service; nor may a carrier take any steps that will deprive passengers of the right to use its rails between any two points on the line at the regularly established fares. It is clear, therefore, that through traffic over what we have here referred to as the Denver & Rio Grande route can not

lawfully be stopped by any action of the Union Pacific. The question before us is merely the propriety of its proposal to withdraw the present joint through fares, leaving in effect for the through service the higher charges resulting from the application of the intermediate fares. And when the record refers to the closing of the Denver & Rio Grande route we do not understand that the through checking of trunks and through tickets over that route are hereafter not to be available to travelers who may desire to take that route and pay the higher charges resulting from the cancellation of the present joint fares, and we do not sanction the withdrawal of the existing accommodations in these particulars. Indeed, although the question has not been argued before us, it appears to be the definite right of a traveler who is ready to pay the lawfully established fares for a through service to have the benefit of all reasonable accommodations, and among these we include the through checking of baggage and berths in through sleeping cars. We have little sympathy, so far as passenger traffic is concerned, with a course of action that denies these conveniences to the traveling public over any route. If the higher charges, based on the local fares that will be left in effect over the indirect route, are not sufficient to accomplish what the respondent desires, further pressure should not be brought to bear upon the traveling public to take the shorter route by resorting to devices that simply annoy and embarrass passengers. Should the Denver & Rio Grande desire it we think the Union Pacific ought to join in establishing through fares on this higher basis; on the other hand, if the Denver & Rio Grande prefers to meet the situation in some other way, as by establishing proportional rates, it undoubtedly has that right, and if it pursues that course we think the Union Pacific ought to join with it in the through checking of baggage and in continuing similar accommodations for the traveling public.

It is assumed that the respondent will at once withdraw the tariffs under suspension and file in lieu thereof others so amended as to conform to these findings and suggestions. The record will be held open for such order or orders as may be appropriate.

McCHORD, *Chairman*, dissenting:

The respondent, Union Pacific, contends that it has a legal right under section 15 of the act to cancel through route arrangements and joint passenger fares applicable thereto with the Denver & Rio Grande because such route requires it to short haul itself. The majority report herein adopts this view. With this I can not agree. The provision of section 15 involved is as follows:

And in establishing such through route, the Commission shall not require any company, without its consent, to embrace in such route substantially less than the entire length of its railroad and of any intermediate railroad operated in conjunction and under a common management or control therewith which lies between the termini

of such proposed through route, unless to do so would make such through route unreasonably long as compared with another practicable through route which could otherwise be established.

I can not subscribe to the following conclusions in the majority opinion:

But this much may be said in addition to what has already been said by the Commission in its published reports, namely, that we do not perceive from the language of the act that we have any greater or different power when dealing with a tariff by which it is proposed to cancel an existing through route and existing joint fares applicable thereto than we have in connection with a complainant praying for an order establishing a through route and reasonable and just rates applicable thereto where no such route has already been established. * * * Our authority in such matters is statutory, and can not be enlarged by the previous course of the carriers. * * * To force the Union Pacific to continue the present parity of rates over the Denver & Rio Grande, notwithstanding the great differences of the character of the through routes, would be in complete disregard of its definite legal right under section 15 of the act not to be short hauled against its will and consent.

The wording of the above-quoted provision of section 15 itself makes the powers of the Commission dependent upon the "previous course of the carriers" since a short-hauling through route may not be established "without its consent" so that the "previous course of the carriers" does enlarge the powers of the Commission under this provision, and, based upon the previous course of the carriers, the Commission has many times by orders the effect of which was to require carriers to establish joint through routes with other carriers where it appeared discriminatory for them to refuse to enter into such arrangements. *Buffalo, Rochester & Pittsburgh Ry. Co. v. Pennsylvania Co.*, 29 I. C. C., 114; *Pennsylvania Co. v. U. S.*, 236 U. S., 351; *Traffic Bureau of Nashville v. L. & N. R. R. Co.*, 28 I. C. C., 533; *Louisville & Nashville R. R. Co. v. U. S.*, No. 673, 238 U. S., 1. The previous course of the carriers therefore enlarges the powers of the Commission under this section. The further question is, May the carriers rescind at will their previous course?

When once through route arrangements have been voluntarily entered into, rates or fares applicable thereto are necessarily published and filed with the Commission. These through routes can not be canceled without publishing and filing new tariffs changing the joint rates or fares and practices applicable thereto. Under other provisions of section 15 such new rates or practices are made subject to protest, suspension, and investigation by the Commission for the purpose of ascertaining their propriety. If the effect of the new schedules is to increase the rate, fare, or charge formerly existing, the burden is upon the carrier to justify such increase.

Here, however, the carrier pleads in bar of the Commission's particular powers to investigate the propriety of an increased rate, its impotency to require the establishment of a short-hauling through

route, urging a limitation upon the powers of the Commission in investigation and suspension cases which never before has been recognized by the Commission or the courts.

While in *Marble Rates from Vermont*, 29 I. C. C., 607, we concluded that the respondent was wholly within its rights in providing a joint rate and a through route via which it received a longer haul and canceling the through route which required it to short haul itself, such a finding was made after consideration of all the facts and circumstances made to appear in that case, and the fact that the route which was canceled required the respondent to short haul itself was in no wise considered a barrier to our consideration of that case on its merits, and it appeared that the public interest was in no wise jeopardized by the abandonment of the route which it was sought to cancel.

In *Lumber Rates from North Pacific Coast Points*, 30 I. C. C., 111, page 113, we said:

Were the question before us that of the establishment in the first instance of the route via Plummer, it is manifest that our conclusions would be that there is in existence a reasonable and satisfactory through route and that no justification appears for requiring the initial line, a component part of the Union Pacific system, to give this long-haul traffic to a competing line within a comparatively short distance of its origin. The burden of justifying the cancellation, which results in increases via the Plummer gateway to the extent of the difference between the existing through rates and combinations of local rates, is upon the respondents, but upon consideration of all the facts of record we are not of opinion that they should be required to maintain the through rates on forest products via that gateway to the points involved to which the rates are no higher via Council Bluffs.

Every investigation and suspension case comes before the Commission on its merits, and the limitation upon the power of the Commission in the initiation of a through route which requires a carrier to short haul itself does not apply where the through route has been voluntarily established by the carrier and where the burden of proof as to the justification of an increased rate brought about by the attempted cancellation of such a through route must be met by the carrier.

The instant case as presented to the Commission raises solely the question of the propriety of the proposed action of the carriers and stands before the Commission in no different situation than any other investigation and suspension case.

The powers of the Commission with respect to the consideration of tariffs by which it is proposed to cancel an existing through route and existing joint fares applicable thereto are unlimited and wholly different from the powers of the Commission with respect to the establishment of a through route and reasonable and just rates applicable thereto, since in the latter instance the power is specifically limited by the act, whereas the power with respect to new tariffs

canceling existing routes is derived from another provision of the act to which no such limitation applies.

The power of the Commission to initiate or undertake the investigation of new tariffs is conferred in the broadest possible terms—"any schedule," "any new individual or joint regulations or practices affecting any rate, fare, or charge," are the most inclusive words that could have been employed in conferring upon the Commission this power.

In stating the kind of order which the Commission may make in investigation and suspension cases, section 15 of the act employs the following language:

and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the Commission may make such order in reference to such rate, fare, charge, classification, regulation, or practice as would be proper in a proceeding initiated after the rate, fare, charge, classification, regulation, or practice had become effective.

Analyzed, the position of the respondents is that, since it is manifest that if the tariffs here under suspension became effective the Commission under the short-haul proviso is without power to require the respondents to establish the route which they seek to cancel, therefore the Commission is without power in an investigation and suspension case to make an order canceling the suspended tariff, which itself was filed to rescind a short-hauling through route.

To accept this view is to hold that the limitation on the power of the Commission to initiate through routes is a limitation upon its power to suspend and investigate new schedules. Such a view is unwarranted, from the plain letter of the act, and is unsound as a matter of statutory construction.

The short-hauling clause, quoted at the outset, is a proviso, and as such is limited in its application only to the powers of the Commission with respect to the establishment of through routes as an original matter.

In Lewis's Sutherland Statutory Construction, volume 2, second edition, page 673, it is said:

The nature and appropriate office of the proviso being to restrain or qualify some preceding matter, it should be confined to what precedes it unless it clearly appears to have been intended to apply to some other matter.

And on page 671 of the same authority the test for a proviso is stated as follows:

A proviso is so identified with the text of the statute which it qualifies that if such enactment is repealed by subsequent statute repugnant to it the proviso will fall also.

Applying this test, it is plain that if the act to regulate commerce were amended by repealing the clause conferring upon the Commission the power with respect to investigation and suspension

cases, the clause with respect to the establishment of through routes and the proviso thereto would not also be repealed or fall with it. It must follow, therefore, that the clause with respect to the Commission's power to initiate and establish through routes and the power there conferred can not be read as a limitation upon the powers of the Commission to investigate the propriety of new schedules.

A liberal construction will be applied to remedial and other statutes enacted *pro bono publico* unless prevented by some paramount rule of construction. See Lewis's Sutherland Statutory Construction, *supra*, sections 584 and 586.

The limited construction given to the language with respect to the kind of order which the Commission may make in investigation and suspension cases is not warranted, especially in view of other language in the same sentence and in another preceding clause of this section. Manifestly this language was not intended to operate as a limitation upon the power of the Commission to investigate new schedules, since there is no reference in the language to such limitation, but the force of this language is simply to refer back to the clause which precedes it in this section, in which the kind of order the Commission may make in formal cases is defined, the idea being to confer upon the Commission the power to make the same kind of an order in investigation and suspension cases with respect to the establishment of a maximum rate for the future as was conferred upon it with respect to the kind of order which may be made in formal cases.

It would be as logical to contend that the limitation upon the Commission's power to initiate through routes operates as a proviso on its power to determine the question of discrimination, where a carrier short hauls itself in one instance and refuses to enter into such an arrangement in another. Such a position, however, would be repugnant to the principle of the *Switching cases, supra*. Or to contend that the Commission being without power to require carriers to haul dangerous freight, such as dynamite, which they do not hold themselves out to carry, if they once undertake to carry such freight and publish rates applicable thereto and subsequently publish and file new tariffs which are suspended, raising these rates or canceling them, that the Commission, being without power to require the carriers to publish the original rates, is therefore without power to investigate the suspended rates.

The force of the last paragraph of section 15 of the act should be noted in this connection:

The foregoing enumeration of powers shall not exclude any power which the Commission would otherwise have in the making of an order under the provisions of this act.

It must follow, therefore, that where carriers have entered into through route arrangements and consented thereunder to short haul themselves, they may not revoke that consent at will, but the *propriety* of such revocation is subject to review by this Commission on its merits under the power conferred upon it by the act to investigate the *propriety* of any new schedule.

The majority opinion is inconsistent in that it holds as a matter of law that the through route here concerned may be canceled, whereas the carriers respondent are required to maintain a through route, but may apply to such route a higher rate than is applied via the one-line route of the respondent. This action is again inconsistent and unjustifiable, since the increased revenue resulting from the increased rate must necessarily accrue to the Denver & Rio Grande, which is not complaining and does not want the rate increased. It is asserted by the respondent, Union Pacific, that it has no quarrel with the Denver & Rio Grande respecting the division of the present joint fares, and if the Commission were called upon to fix the division of the through fares we would necessarily be influenced by the divisions accepted by the other roads connecting with the respondent east of Denver and the roads connecting with the Denver & Rio Grande east of Denver.

It appears that the present through route was originally established in 1897, when the branch lines of the respondent aggregated only 186 miles in length, whereas since that time additional branch lines have been built, bringing the total length of same up to 1,016 miles. These branches extend to Yellowstone Park and into the Oregon Short Line territory, and it is contended that since they are not remunerative the respondent must recoup by reserving to its main line as much through traffic as possible.

The respondent is inconsistent in this claim, since it appears that its main line extends eastward from Denver in two divisions, one reaching Omaha and the other extending to Kansas City, and in this eastern section it meets competition of several railroads between these points with which it maintains joint through passenger fares, both eastbound and westbound, connecting at Denver. The respondent, however, has not canceled these through fares, and asserts that it does not intend to cancel them. It, therefore, is executing its policy to conserve all traffic to its main line with respect to only one of its connections. If the real purpose of respondent was to increase its main-line revenue, it would have been more consistent for it to cancel all of its through route arrangements which require it to short haul itself.

It does not appear that the Denver & Rio Grande is dissatisfied with the revenue that it receives under the existing through fares and under the existing divisions thereof, although its haul is longer than that of the more direct line of the respondent.

From the conclusion reached in the majority opinion it is apparent that there is no justification in the record in this case for the cancellation of the through route. The respondents are required to maintain the through route arrangement but at a higher joint through fare for the route via the Denver & Rio Grande than is charged via the one-line route of the respondent. As indicated before, this is a matter which is not presented on the record before us, since the Denver & Rio Grande is not complaining of its revenues or making any attempt to increase its charges. The revenue resulting to the respondent, Union Pacific, out of the increased through fare permitted by the majority opinion is necessarily determined by competitive conditions prevailing with respect to the revenues accepted by competitive lines east of Denver.

When considered on its merits, the proposed action of the respondents is wholly without justification on the record other than its alleged legal right to cancel through routes that require it to short haul itself, which is urged by it as a bar to the Commission's power to consider the justification of the increased fares on their merits.

Under the majority opinion it is possible for large railroad systems to systematically acquire small competing lines and suppress that competition which has given vitality to our railroads. By acquiring a small road which has through route arrangements with another road paralleling the purchasing road, the purchasing road may require the cancellation of such through routes because the route requires it to short haul its system. I doubt the propriety, reasonableness, justness, and wisdom of acquiescing in the establishment of a principle which may be the basis for a general and arbitrary increase of through passenger fares and freight rates.

COMMISSIONER HALL also dissents and will later file his separate report.

35 I. C. C.

No. 6883.

**YELLOW PINE SASH, DOOR & BLIND MANUFACTURERS
ASSOCIATION ET AL.**

v.

SOUTHERN RAILWAY COMPANY ET AL.

Submitted February 4, 1915. Decided July 21, 1915.

Upon complaint that defendants' carload rates on wooden building material from and to points in southern classification territory are unreasonable and unjustly discriminatory because they bear no fixed relationship to the corresponding rates on lumber; and that defendants' rule, applicable in certain parts of the southeast, providing that the rates on building material will not apply to mixed carloads containing sash, doors, or blinds unless other building materials constitute 25 per cent of the total weight of the car is arbitrary, unreasonable, and unjustly discriminatory; *Held:*

1. The rates on wooden building material should bear uniform relationships to the rates on lumber, but the facts of record do not warrant the establishment of fixed differentials.
2. The Commission has instituted a general investigation as to the relationships between rates on lumber and manufactured products thereof. That proceeding will afford opportunity to present fully the matters here brought in issue and submitted upon an imperfect and unsatisfactory record. The complaint will be dismissed without prejudice to any finding that may be reached in the investigation referred to, or to complainants' right to present in that proceeding such evidence as they desire to present.

H. E. Hanes, M. M. Caskie, and W. S. Watts for complainants.

C. D. Drayton for Southern Railway Company and certain other defendants.

W. A. Northcutt for Louisville and Nashville Railroad Company.

L. W. Watson for Southern Weighing & Inspection Bureau.

REPORT OF THE COMMISSION.

CLARK, Commissioner:

Complainants are the Yellow Pine Sash, Door & Blind Manufacturers Association, a voluntary association organized to promote the interests of sash, door, and blind manufacturers in the south and southeast, 18 of the association's members in their individual capacities, and 9 independent companies. By complaint, filed May 7, 1914, as amended October 3, 1914, it is alleged that defendants' carload rates on wooden building material from and to points in south-

ern classification territory are unreasonable and unjustly discriminatory because they bear no fixed relationship to the corresponding rates on lumber. A uniform differential of 2 cents per 100 pounds over the lumber rates is asked, and also that this relationship be established in the southern classification. It is further alleged that defendants' rule applicable in certain parts of Virginia, North Carolina, South Carolina, and Georgia providing that the rates on building material will not apply to mixed or straight carloads of sash, doors, or blinds unless other building materials constitute 25 per cent of the total weight of the load, is arbitrary, unreasonable, and unjustly discriminatory.

While complainants seem to be principally interested in securing a reduction of their rates on sash, doors, and blinds, their attack is made substantially upon the rates on articles described as building material in the southern classification. Those especially complained of are:

Building material, wooden, in the white or in the rough, viz: Lumber, rough or dressed, laths, shingles, scroll work, window and door frames, sash (glazed or unglazed), doors (glazed or unglazed), blinds (glazed or unglazed), carpenters' molding, balusters, baseboards, casings, porch columns, newells, stair work and wainscoting straight or mixed carloads (except straight carloads of lumber, laths, shingles, carpenters' molding, casings, and baseboards).

Both lumber and building material are rated sixth class in the southern classification, so that in the absence of commodity rates lumber, building material, sash, doors, and blinds in straight or mixed carloads take the same rates, except in the territory known as the Associated Railways of Virginia and Carolina, where straight and mixed carloads of sash, doors, and blinds take higher rates unless 25 per cent of other building material is included in the load.

The rates complained of are those from Greensboro, Goldsboro, High Point, Sanford, and Rocky Mount, N. C.; Columbia, S. C.; Atlanta, Augusta, Athens, Columbus, Macon, Newnan, Rome, and Thomasville, Ga.; Jacksonville and Lakeland, Fla.; Gadsden, Ala.; Jackson, Miss.; Shreveport, La.; and Memphis, Tenn. While no specific points of destination are named, rates from the above points to points in the states of Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, and Kentucky are brought in issue. The rates cited below display the maximum, the minimum, and the average spread between the rates on building material and the rates on lumber between typical points of origin and of destination. Rates are stated herein in cents per 100 pounds.

	Lumber, C. L.	Building material, mixed C. L.	Sash, doors, and blinds, straight or mixed C. L.	Differences over lumber.	
				Building material.	Sash, doors, and blinds.
From High Point, N. C., to—					
Lakeland, Fla.....	128.3	165.5	177	37.2	48.7
Cedartown, Ga.....	140	140	140	0	0
Morristown, Tenn.....	116	131	137	15	21
From Columbia, S. C., to—					
Lakeland, Fla.....	117.3	161	161	43.7	43.7
Dalton, Ga.....	135	127	127	— 8	— 8
Asheville, N. C.....	114	120.5	137	6.5	23
From Atlanta, Ga., to—					
Lakeland, Fla.....	117.3	158	158	40.7	40.7
Durham, N. C.....	118	118.5	133	1.5	15
Greenwood, Miss.....	115	129	129	14	14
From Thomasville, Ga., to—					
Harriman, Tenn.....	116.5	177	177	60.5	60.5
Greenville, S. C.....	116	125.5	139	9.5	23
Meridian, Miss.....	120.5	158	158	37.5	37.5
From Gadsden, Ala., to—					
Orlando, Fla.....	121	154	154	23	23
Meridian, Miss.....	119	119	119	0	0
Memphis, Tenn.....	112	123	123	11	11
From Shreveport, La., to—					
Morristown, Tenn.....	121	163	148	42	27
Mobile, Ala.....	111.5	123	120	11.5	8.5
Cordele, Ga.....	125.5	149	149	23.5	23.5
From Memphis, Tenn., to—					
Lakeland, Fla.....	129.3	165	165	35.7	35.7
Florence, S. C.....	126.9	127.5	144	2.6	17.1
Birmingham, Ala.....	112	120	120	8	8
From Jackson, Miss., to—					
West Point, Ga.....	123	148	148	25	25
Augusta, Ga.....	120	124	124	4	4
Montgomery, Ala.....	114	120	120	6	6
From Lakeland, Fla., to—					
Dawson, Ga.....	117.5	170	170	52.6	62
Blacksburg, S. C.....	122	159	169	37	47
Aiken, S. C.....	116.5	157	168	40.5	51.5

1 Combination rates.

2 Sixth-class rates.

3 Commodity rates, class K.

4 Commodity rates, class A, generally.

5 Commodity rates, class F.

6 Commodity rates, class N.

7 Commodity rates, class G.

Complainants rely principally upon the prevalence of rates on building material in the south, made, it is asserted, upon the basis asked, and upon the approval by us of this principle in other territories. Numerous rates are exhibited which show that building material takes differentials ranging from 1 cent to 3 cents per 100 pounds over the corresponding rates on lumber from the southwest to western trunk line territory, from central freight association territory to trans-Missouri territory, and between points in these territories; also from points in Wyoming, Colorado, and New Mexico to points in the territories named. Defendants maintain or participate in certain of said rates. Rates on these commodities, a uniform differential of 1 cent per 100 pounds over lumber, are maintained from points between Birmingham, Ala., and Columbus, Miss., on the Southern Railway to certain Ohio River crossings and numerous intermediate points in Kentucky and Tennessee; also from points in Mississippi to points in Iowa, Kansas, Illinois, and other states. Defendant New Orleans,

Mobile & Chicago Railroad rates lumber and sash, doors, blinds, and frames, unglazed, the same, class N. Defendants Louisville & Nashville Railroad, Nashville, Chattanooga & St. Louis Railway, and Southern Railway participate in rates on building material 1 cent over the rates on lumber from Memphis to points in Wisconsin, Michigan, Minnesota, and other states.

Most of the rates cited were established voluntarily; others were required. *Oshkosh Traffic Asso. v. C. & N. W. Ry. Co.*, 21 I. C. C., 385; *Rates on Porch Work*, 26 I. C. C., 1; *Fetterman Bowl & Column Co. v. S. Ry. Co.*, 33 I. C. C., 514.

Complainants rely in part upon our decision in the *Oshkosh Traffic Asso. case, supra*, in which case we fixed the rates on sash, doors, blinds, and house trimmings from points in Wisconsin to points in Indiana, Michigan, Ohio, and Kentucky a maximum of 2 cents over the rates on lumber. Wooden building material in the white and lumber are closely related commodities materially, commercially, and with respect to their transportation. Applying this principle in *Eastern Wheel Mfrs. Asso. v. A. & V. Ry. Co.*, 27 I. C. C., 370, we said that lumber and its products should be classified in a graded list which should establish a fixed relationship between the several grades. In *Anson, Gilkey & Hurd Co. v. S. P. Co.*, 33 I. C. C., 332, we said:

If it is just and reasonable that lumber and lumber products take the same rate in one territory, it must be unjust and unreasonable or unjustly discriminatory to maintain and charge a differential in the rates on these respective classes of traffic in another territory, unless the difference in treatment of the same products in different territories has been clearly established by affirmative testimony. If it is impracticable to establish a lumber list, complete or partial, in one territory, it must be equally impracticable to do so in another territory. In other words, carriers should effect uniformity in treatment in the classification of lumber and lumber products throughout the country.

Defendants challenge this principle and contest its applicability to southern classification territory. Their objections to the principle are: 1, that it disregards distance; and 2, that it will lead to demands from manufacturers of numerous other products for rates based upon the rates on the raw materials. They further assert that building materials should properly take higher rates than lumber, because they load lighter, are more valuable, are manufactured articles, and can not be shipped on any available kind of equipment, as can lumber.

Many rates on building material in this territory, although not expressed in terms of the corresponding rates on lumber, do, in fact, exceed the rates on lumber by a maximum of 3 cents per 100 pounds. From certain Ohio River crossings and Carolina territory rates on building material range from 1 cent to 3 cents higher than the rates

on lumber. A difference of 3 cents is also maintained from points in North Carolina and South Carolina to eastern cities and from certain points in Georgia and Alabama to the Virginia cities. From certain Tennessee, Georgia, and Alabama points, including Knoxville, Atlanta, and Gadsden, to various points in Louisiana and Mississippi the rates on building material are the same as or lower than the rates on lumber.

Defendants explain that these differences are accidental; that the rates on lumber and the rates on building material cited were independently established according to the conditions affecting each kind of traffic and have not been made with any relation to the rates on lumber. To eastern cities the rates on lumber are said to be affected by water competition; the rates on building material by competition of western manufacturers. Rates on lumber to Ohio River crossings are said to be controlled by competition from the southwest, while little competition is encountered from the southwest with respect to the rates on building material.

Western manufacturers invade the southeast. Manufacturers at Oshkosh, Wis., have rates on building material to the Ohio River crossings 2 cents per 100 pounds over the rates on lumber. *Oshkosh Traffic Asso. v. C. & N. W. Ry. Co., supra*. No definite relationship obtains south of the Ohio River, although actual differences are from 1 cent to 3 cents, which obtain to Carolina territory, as stated.

To a great extent complainants' evidence is directed to show that this condition results in rates that are unjustly discriminatory to southern manufacturers. Certain of complainants' witnesses, manufacturers of building material, stated that, because of competition from the northwest, they were unable to sell their products beyond their immediate localities. They, however, were unable to cite specific rates or to state the points at which these competitors have an advantage over them. In fact it is admitted that the rates on building material from northern and western producing points to southern destinations are as a rule higher than the rates from the manufacturing points here involved to the same destinations. Complainants' position in its final analysis amounts to this: If their competitors are entitled to rates on building material a uniform differential of 2 cents over the rates on lumber, it is unjustly discriminatory not to accord them the same basis.

Complainants' sash, doors, and blinds are made of yellow pine, and it is asserted that because they warp and check they are less desirable than the white pine and veneered products of western manufacturers, and complainants' competitors can get into the markets even at a higher rate because their goods are superior in quality.

Where commodity rates are published on both lumber and building material in this territory the building material rates are generally higher. The lists of articles to which the rates apply differ from each other and from the lists maintained in other parts of the country. Some of the articles named, such as casings, carpenters' molding without ornamentation, baseboards, laths, and shingles, take lumber rates in certain mixtures and building material rates in others. Different lists are sometimes maintained by the same carrier. In some instances sash, doors, and blinds take the rates on building material; in other instances they take higher rates.

In what is known as Associated Railways of Virginia and Carolina territory lumber generally takes class P rates; building material in mixed carloads takes class K rates, and there is but little difference between these two rates. However, straight or mixed carloads of sash, doors, or blinds take sixth-class rates, unless the cars contain 25 per cent of other building material, in which event they take building material rates. This requirement is challenged as arbitrary, unreasonable, and discriminatory, and complainants assert that in many instances they have to give shippers certain amounts of lumber in order to make up the required 25 per cent, or pay the higher rates. Defendants explain that sash, doors, and blinds load comparatively light, and that the condition assailed was imposed to prevent carload shipments of sash, doors, and blinds with only small quantities of other articles from securing the building material rates.

Greater uniformity and a new rate relationship between lumber and its products, based upon more scientific principles, are necessary. Following the cases cited and the principles therein announced, and from all the facts and circumstances of record, we are of the opinion that the rates on building material here involved should bear a uniform relation to the lumber rates.

We come now to the question of what this relationship should be or what is a reasonable differential for building material over lumber. The basis for this principle, as announced in the several cases cited, is that the elements which determine the classification of building material bear a fixed relation to the elements which determine the classification of lumber. The question, therefore, necessarily resolves itself into one of classification. Complainants, however, have introduced no evidence that is of material assistance in determining this issue. They have relied upon our decisions applicable in other territories and upon the existence of rates on building material differentials over lumber in certain parts of the south. The evidence tending to show the value, loading, and volume of the movement of building material as compared with lumber is very indefinite and in certain instances conflicting. To justify a finding as broad

as is asked by complainants definite evidence must be adduced on these material points. Neither complainants nor defendants have filed briefs in this case, and, with no satisfactory evidence in the record as to what would be reasonable differentials, it has been left to us to work out a relationship. This we can not undertake. The burden is upon the complainants not only to prove that there should be a fixed relationship between rates on lumber and on building material, but to show what the reasonable differentials would be. This they have not done. For this reason and in view of the fact that in Docket No. 8131, In the Matter of Rates on and Classification of Lumber and Lumber Products, we have ordered a general investigation into the rates, practices, rules, regulations, and classifications governing lumber and lumber products from and to all points in the United States, and with reference to the relationships between the rates on different kinds of lumber and lumber products, this complaint will be dismissed without prejudice to complainants' right to introduce such evidence in this general investigation as they deem proper, and without prejudice to any conclusion that may be reached in the general investigation.

Certain rates on lumber are assailed as in violation of the aggregate of the intermediate rates rule of the fourth section of the act, but those rates are protected by fourth section applications on file which have not been heard, and will not be passed upon here.

Reparation is asked, but, under the circumstances, we find no basis for such an award.

An order will be entered dismissing the complaint without prejudice.

85 I. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 564.

RULES AND REGULATIONS GOVERNING THE CHECK-
ING OF BAGGAGE ON COMBINATION OF TICKETS.

Submitted April 7, 1915. Decided July 10, 1915.

Proposed rules prohibiting the through checking of baggage and sale of through parlor or sleeping car tickets on combination tickets found not justified.

W. C. Coleman for Baltimore & Ohio Railroad Company; Louisville & Nashville Railroad Company; Nashville, Chattanooga & St. Louis Railway; and other carriers.

Henry Wolf Bikelé for Pennsylvania Railroad Company; Philadelphia, Baltimore & Washington Railroad Company; and other carriers.

A. P. Thom and *S. H. Hardwick* for Southern Railway Company.

W. G. Craig for Atlantic Coast Line Railroad Company.

C. B. Ryan for Seaboard Air Line Railway.

W. B. Bevill for Norfolk & Western Railway Company.

A. C. Trippe and *A. E. Beck* for Merchants & Manufacturers Association of Baltimore, Md.

Herbert Sheridan for Baltimore Chamber of Commerce and Canned Goods Exchange of Baltimore.

E. S. Goodman for Richmond Chamber of Commerce.

J. E. Roeser for Southern Travelers Association.

A. D. Brockett for Virginia Division, Travelers Protective Association of America.

W. A. Clark, jr., for Retail Merchants Association of Richmond, Va.

J. E. Brown for Chattanooga Chamber of Commerce.

W. A. Wimbish for Atlanta Freight Bureau and Atlanta Chamber of Commerce.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

For a number of years travelers from New York, Philadelphia, Baltimore, and other trunk line territory points to points in the south and southeast have been able to check their baggage through to destination and to secure through Pullman car accommodations on combinations of tickets good only to and from the gateways to southern and southeastern territory. By rules published in tariffs filed to take effect December 15, 1914, the Pennsylvania Railroad Company and

the Baltimore & Ohio Railroad Company, hereinafter called respondents, proposed to abolish the practice. Upon protest by the Merchants & Manufacturers Association of Baltimore some of the tariffs were suspended until October 14, 1915. Other organizations joined with protestants both at the hearing and the argument.

The rules assailed apply to combinations of all forms of tickets issued by respondents and by their southern connections to and from the gateways involved, but most of the testimony relates to combinations involving the use of southern carriers' mileage books or southeastern passenger association interchangeable mileage exchange orders, which result in lower fares than the published joint through fares.

The Southeastern Passenger Association is composed of the principal carriers operating south of the Potomac and Ohio rivers and east of the Mississippi River, including the Southern Railway, the Atlantic Coast Line, and the Seaboard Air Line. Its interchangeable mileage exchange orders are coupon books entitling purchasers to 1,000 miles of transportation. They are not honored on trains, but are presented at ticket offices, where coupons to the number of miles of the journeys intended are detached and continuous passage tickets issued in exchange. They are purchasable in trunk line territory at ticket offices maintained by the southern carriers named in New York, Philadelphia, and Baltimore.

Respondents state that the rules assailed were intended primarily to protect their joint fares and to conserve their revenues. Respondent Pennsylvania Railroad issues 1,000-mile mileage books which it sells at a rate of $2\frac{1}{2}$ cents per mile. Southeastern passenger association interchangeable mileage exchange orders sell at a rate of 2 cents per mile. On this basis the combination fare from New York to Atlanta, for example, is \$13.88, or \$3.42 less than the joint through fare of \$17.30. From New York the joint through fares exceed the combination mileage fares by \$1.74 to Richmond, Va.; \$3.03 to Asheville, N. C.; \$4.30 to Savannah, Ga.; \$5.26 to Jacksonville, Fla.; \$6.06 to New Orleans, La. Defendants assert that they were deprived of between \$17,000 and \$20,000 in this way in one year, 1909, on traffic from New York alone. This estimate, however, is based exclusively on the number of combination fares paid and the differences between the combination fares and the joint fares that might have been paid. It assumes that the joint fares would have been paid if rules analogous to the rules assailed had been in effect. It is argued that the real purpose of mileage books and of all reduced rate tickets is to provide a lower basis of fares within defined and limited territories, and that they are not intended for use in combination with tickets issued by other lines to defeat reasonable joint

fares. Their use in combination, respondents state, tends sooner or later to force joint fares down to the combination fares, by analogy to the aggregate of intermediate rates rule of the fourth section of the act.

Protestants emphasize the inconvenience that will result to travelers if they must detrain at Washington, for example, to recheck their baggage and to secure Pullman car accommodations for the portions of their journeys beyond Washington. Through trains from trunk line territory to southern points are said to stop at Washington for approximately 25 minutes, on the average, which ordinarily is not enough to enable passengers to recheck their baggage and to secure Pullman car accommodations. The use of combination tickets accordingly will necessitate traveling to Washington on some train ahead of the through train which otherwise could be taken. Protestants are interested primarily in the rule proposed by the Pennsylvania Railroad, as the Baltimore & Ohio does not join the southern carriers previously named in the operation of through trains through Washington. The published first-class fare from Baltimore to Washington, 40 miles, is \$1; the mileage fare, 90 cents. Respondent Pennsylvania Railroad receives as its division of the through fares its full first-class fares to Washington. Protestants state that most travelers from Baltimore to southern points using combinations of tickets pay the first-class fare of \$1 to Washington, so that the Pennsylvania Railroad generally receives the same sum when tickets are combined as when joint through tickets are used.

The Southern Railway, which also opposes respondents' proposed rules, argues that mileage and other reduced fare tickets are issued voluntarily by carriers, under tariff authority, and that they are recognized as valid forms of transportation and therefore that they should not be conditioned in a manner that will cause passengers needless inconvenience. The opinion was expressed that the rules proposed will not compel the purchase of joint tickets to an extent sufficient to be of any pecuniary benefit to respondents. It was shown also that the Southern Railway tariffs permit passengers northbound to check their baggage through to trunk line territory destinations and to secure Pullman car accommodations on combinations of tickets.

The tariffs published by the Pullman Company relative to service over the respondents' lines provide that parlor or sleeping car accommodations will be sold only to persons holding the kind of transportation required by the railroads concerned. In *Kurtz v. Pennsylvania Co.*, 16 I. C. C., 410, we approved the refusal of the Pullman Company to sell the complainant therein through accommodations from New Castle, Pa., to New York on a local ticket to Pittsburgh and

a mileage book beyond; saying, however, that restrictions of the kind involved should be published in the tariffs under which the tickets to which the restrictions apply are sold. The carriers promptly amended their tariffs accordingly. Subsequently, in *Eschner v. P. R. R. Co.*, 18 I. C. C., 60, we held that the use of mileage books is merely a privilege accorded by carriers voluntarily, and that purchasers take them subject to all lawful and nondiscriminatory conditions attached to them. Section 22 of the act provides expressly that nothing in the act shall prevent the issuance of mileage, excursion, or commutation passenger tickets, which provision has always been construed as permissive and never as authorizing the Commission to compel the issuance of such tickets. *Field v. Southern Ry. Co.*, 13 I. C. C., 298.

While it may be, therefore, that the Pennsylvania Railroad, for example, could lawfully restrict the use of its own reduced rate interstate transportation in combination with foreign lines' issues by withholding, under appropriate provision, through baggage checking and Pullman accommodations, that is not the purport of its proposed rule. The latter provides that "no tickets or ticket orders issued by foreign lines will be honored as forming part of through transportation for the checking of baggage, sale of parlor-car or sleeping-car tickets, or for reservations in parlor cars or sleeping cars, to points beyond" specified junctions with foreign lines. This restriction is laid, not upon any of the issues of the respondent carrier, but in terms upon those of foreign lines, and is not even confined to the reduced rate transportation of those lines. Under the proposed rule, therefore, a traveler presenting two straight fare tickets for transportation from a point on respondent's line to a southern or southeastern destination on a connecting foreign line, for which he had paid a sum in excess of the joint through fare, would be denied through baggage checking and Pullman accommodations. The rule proposed by the Baltimore & Ohio would operate in the same way as to the checking of baggage.

Such a provision is, we think, obviously unjust and unreasonable. It operates to subject the holders of all such tickets to an annoying and often prohibitory inconvenience, and goes beyond the avowed purpose of respondents to protect the joint through fares in which they participate. In our view, no carrier receiving the equivalent of its full local fare to the junction may, in respect of combinations of tickets severally subject to the act, whatever the character of the transportation issued and accepted by the connecting line, lawfully withhold provision for incidental services so constantly and universally in demand as those at which the proposed rules are directed.

While Washington, as an important gateway, has been taken as illustrative of the situation involved, the local tariffs carrying rates to Washington and other junctions of the Pennsylvania Railroad with connecting lines from points on the Pennsylvania Railroad were not suspended, and the right of checking baggage and securing Pullman accommodations from points on that line through those gateways has therefore been withdrawn. In accordance, however, with the views above expressed, the arrangement should without delay be restored at all junctions with other lines.

Upon all the facts disclosed we find that respondents have not justified the proposed rules, and an order requiring the cancellation of the suspended schedules will be entered.

HARLAN, Commissioner, dissenting:

The principle announced in the majority report seems to me to be unsound.

It has been the common understanding that when a published through fare, for example, between New York and Atlanta, is non-discriminatory and reasonable and includes the usual and reasonable baggage, sleeping car, and other privileges attending the through service, all the rights that a traveler between those points may demand under the act to regulate commerce are fully met and protected and he has no legal ground for complaint. But it now seems that when, having provided himself with tickets to and from an intermediate point in his journey, such as Washington, he seeks to enjoy the through service at less than the through fare, the law also protects him against the annoyance of regulations designed to prevent this. In other words, the majority report permits the southeastern lines as a matter of right to force the respondents unwillingly into an arrangement that gives the traveler a through service, with its attendant conveniences, at less than the through fare which all the carriers in the route have joined in establishing. In *Conference Ruling No. 268* we held that a carrier might not defeat its own published through fare between two points by providing 10 travelers with a party rate ticket to an intermediate point and 10 individual tickets beyond. In that case the tariffs were silent with respect to the use of such fare in combination for through travel. Under like circumstance we should not hesitate, I assume, to seek an indictment of a carrier that defeated its own established through fare by recognizing for through carriage a commutation ticket or an excursion ticket to an intermediate point and an individual fare to destination. The established through rate is a thing protected by the law and to preserve its integrity is a matter of constant effort on the part of the Commission. But in effect the Commission here

asserts authority to compel one carrier at the instance of another to join a mileage-book fare with a local fare for through travel when the combined charge is less than the established joint fare. I do not understand that we have any such power. The fact that the unwilling carrier in such an arrangement may receive its full local fare seems to me of no legal significance. The vital point in the majority report is that the respondent carriers by our order are required against their will to participate in a through service at less than the published through fare. The right of all the carriers in a through route voluntarily to make such arrangements must probably be conceded, but our powers of compulsion are not coextensive with what carriers may voluntarily do in such matters.

The respondents' tariff rules under suspension here provide in effect that a traveler may not combine a local ticket to Washington with a mileage book beyond for a through journey from New York to Atlanta. Under those regulations he would therefore be under the necessity of checking his trunk to Washington and there disembarking for the purpose of rechecking it to Atlanta. The report dwells upon this annoyance and inconvenience to one who thus seeks to get the through service at less than the through fare. This apparently is the main ground for the majority ruling. We must not lose sight of the fact, however, that this annoyance may readily be avoided by the purchase of a through ticket at the lawfully established through fare. The majority report, nevertheless, gives to the traveler who undertakes in the manner indicated to evade the payment of the through fare all the privileges and conveniences that the traveler is of right entitled to who purchases a through ticket at the materially higher published through fare.

INVESTIGATION AND SUSPENSION DOCKET No. 256.

CHATTANOOGA LOG RATES.

Submitted March 10, 1915. Decided July 23, 1915.

Upon rehearing; *Held*, That rates and carload minimum weight for certain distances prescribed in the original report, 30 I. C. C., 36, should be modified.

J. B. Sizer and O. L. Bunn for protestants.

R. Walton Moore, C. J. Rixey, jr., and M. Carter Hall for respondent.

REPORT OF THE COMMISSION ON REHEARING.

McCHORD, Chairman:

The original report in this proceeding appears in 30 I. C. C., 36. Upon petition for rehearing filed by protestants in the original proceeding an order was entered May 28, 1914, reopening the case. The rates established May 22, 1914, in compliance with our order of May 3, 1914, were continued in effect pending a decision upon rehearing.

Protestants ask restoration of the scale of rates in effect prior to May 22, 1914, and aver that from lack of knowledge that respondent would not undertake to justify the schedule of rates under suspension they were unprepared at the original hearing to demonstrate the unreasonableness of the lower scale of "proposed" rates submitted by the respondent and found reasonable by the Commission, but which they contend has resulted in serious injury to them and to other shippers of logs to Chattanooga. They allege in support of their petition for rehearing:

1. That the Commission erred in stating that the situation at Chattanooga was differentiated from that at Memphis as disclosed in *May Bros. v. Y. & M. V. R. R. Co.*, 26 I. C. C., 323, by the fact that the Alabama Great Southern handles no outbound shipments of lumber made from logs hauled by it to Chattanooga.

2. That the rates prescribed increase disproportionately as the distance increases, contrary to the general rule that rates should increase less rapidly as the distance increases.

3. That no consideration should have been given to the fact that respondent's rates include delivery to points on the Chattanooga Belt Railway.

4. That the Commission erred in finding that the traffic "must bear the return of the equipment empty" and that "an average trip for a car is 10 days."

5. That impairment of the value of protestants' investments in timber and equipment should have been given greater consideration and weight.

6. That the comparative statement of rates on logs and other commodities embodied in our original report was incorrect and without evidentiary value.

7. That the Commission erred in stating that the "proposed" rates compared favorably with rates of other roads serving Chattanooga and with rates to other points where traffic conditions appeared to be similar.

These allegations will be disposed of in the order stated.

1. OUTBOUND SHIPMENTS OF LUMBER FROM CHATTANOOGA AND MEMPHIS.

The following statement was offered by respondent for the purpose of showing the volume of the log and lumber traffic handled by lines serving Chattanooga during the period from January 1, 1914, to August 31, 1914, and the number of lumber shipments each line should have received in proportion to the volume of its log traffic, based on the ratio of one car of lumber to three cars of logs:

Line.	Cars logs.	Cars lumber.	Proportion cars lumber to logs.
	<i>Number.</i>	<i>Number.</i>	<i>Number.</i>
Alabama Great Southern.....	987	73	1
Cincinnati, New Orleans & Texas Pacific.....	67	162	2
Nashville, Chattanooga & St. Louis.....	349	300	1
Central of Georgia.....	181	97	1
Southern Railway.....	347	178	1
Tennessee, Alabama & Georgia Ry.....	39	.....	1
Total.....	1,970	810	3

It appears from the record that about one year elapses after the logs are received at the mill before the lumber manufactured therefrom is shipped. Therefore, the statement does not disclose the actual shipments of lumber produced from logs received during the period in question. It does show, however, that while the Alabama Great Southern handled during this period approximately one-half of all logs shipped to Chattanooga, it received less than one-tenth of the outbound lumber traffic. That respondent's lumber shipments from Chattanooga are inconsiderable in comparison with its log traffic is clearly established by the record. Protestants contend however, that the Alabama Great Southern, Cincinnati, New Orleans & Texas Pacific, and Southern are in fact a single railroad system and that whatever advantage a log-carrying road may derive from handling the outbound product inures to the Alabama Great Southern on lumber shipped from Chattanooga over the Cincinnati, New Orleans & Texas Pacific and Southern, and that in this respect the situation is substantially like that at Memphis as disclosed in *Mc Bros. v. Y. & M. V. R. R.*, 28 I. C. C., *supra*. As to this content

tion it is sufficient to say that while there is a more or less close relationship between the Alabama Great Southern and the Cincinnati, New Orleans & Texas Pacific on account of the interest of the Southern Railway in both roads, they are operated independently, their rates, which are fixed by different traffic officials, are published in separate tariffs, and there is nothing of record to disprove respondent's assertion that it in no way shares in the lumber traffic revenue of the Cincinnati, New Orleans & Texas Pacific and Southern.

2. RATE INCREASES FOR LONGER DISTANCES.

In the petition for rehearing protestants support their contention that the rates assailed increase disproportionately with distance by comparing them with rates of the Yazoo & Mississippi Valley Railroad to Memphis. The increase in rates of the Alabama Great Southern for the first 60 miles is 1½ cents, for the next 60 miles 2 cents, for the next 60 miles 1 cent, and for the next 20 miles 2 cents; of the Yazoo & Mississippi Valley for the first 60 miles 2 cents, for the next 60 miles 2 cents, for the next 60 miles 1 cent, and for the next 20 miles one-half cent. They also state that whereas the rate of the Alabama Great Southern for 200 miles is 3 cents higher than the rate for 100 miles—

the average or ordinary increase for similar distances on the principal log-hauling roads running into Chattanooga, Memphis, Nashville, Louisville, Evansville, Paducah, and Cairo varies from 1 cent to 2½ cents.

The following table, compiled from one of the respondent's exhibits, presents a comparison of Alabama Great Southern rates for the distances shown with rates of the other lines serving Chattanooga and the average rates to certain other points:

	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.
Distance to Chattanooga.....	25	50	75	100	125	150	175	200	250	275
From—	Rates per 100 pounds.									
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
A. G. S. R. R.....	3	3½	5½	5½	6	6½	7	8½	8½	8½
Southern Ry. (Memphis division).....	2½	3½	4½	5	6	6½	7½	8½	10	11
Southern Ry. (Atlanta division).....	2½	2½	3½	4	4½	5½	6	6½	7½	8½
C. N. O. & T. P. Ry.....	3½	4½	5½	6	7	7½	7½	8½	9	9
N. C. & St. L. Ry.....	3½	4½	6	7	7½	7½	8	9	10	10
W. & A. R. R.....	3	4½	4½	5½						
T. & A. G. R. R.....	2½	3½	3½							
C. of G. Ry.....	2	2½	3½	3½	4	4½	4½	5½	10	11
Average all lines except A. G. S. R. R.....	2.8	3.65	4.45	5.21	5.85	6.25	6.83	7.6	9.35	9.9
Average all lines to—										
Nashville.....	4.33	5.75	7.25	8.0	9.3	9.5	10.12	10.5	11.5	11.5
Memphis.....	4.71	6.0	6.75	7.29	7.79	8.89	9.21	9.75	10.64	11.5
Ohio River crossings.....	4.15	5.16	5.93	6.67	7.29	8.06	9.25	9.62	10.87	11.48
All points shown.....	4.02	5.13	6.08	6.75	7.52	8.21	8.88	9.34	10.51	11.07

Protestants criticize this exhibit on the following grounds: In some instances the rates shown are not specific commodity rates on logs, but are the rates applying to lumber and related articles. "Gross" rates of lines which maintain a system of "gross" and "net" rates are shown instead of the lower "net" rates. Rates to Memphis of lines west of the Mississippi River include a bridge toll of from 1 to 2 cents per 100 pounds, which protestants urge should be deducted to make a fair comparison. Respondent asserts that it is proper to use the lumber rate because it applies on logs, in the absence of a specific commodity rate, and defends the use of "gross" or billing rates on the ground that "net" rates are in effect proportional rates, which are applied only in consideration of outbound lumber shipments. Concerning the increase of 3 cents in the rate for 200 miles over the rate for 100 miles, respondent urges consideration of the fact that the 8½-cent rate is blanketed for distances from 191 to 275 miles. It will be noted that rates of the Alabama Great Southern for distances of 200 miles and less exceed the average rates of all lines entering Chattanooga except for a distance of 50 miles. Its rates for distances exceeding 200 miles are less than the average rates of other Chattanooga lines, but it appears that rates of the Southern Railway (Memphis division) and of the Central of Georgia for distances exceeding 200 miles, shown as rates on logs, are the lumber rates. Respondent shows that the average haul on logs from Alabama Great Southern points to Chattanooga during the year 1913 was 182.92 miles; January 1 to May 21, 1914, 202.88 miles; and May 22, 1914 (when the present rates became effective), to August 31, 1914, 214.75 miles. This indicates a constantly increasing length of haul and that protestants are chiefly interested in rates for distances of 200 miles and over. The reasonableness of the present rates will be further considered hereinafter.

3. BELT RAILWAY DELIVERY.

We observed in our original report that—

As a part of the service included under the proposed rate the respondent delivers the logs to the plants of the protestants located on its belt line. Where the logs are received over any other line except the Southern Railway a charge of \$2.50 is made. It appears that the Southern absorbs the charge.

Protestants insist that this fact is of no material consequence and cite *Lumber Rates from Local Points to Chattanooga, Tenn.*, 29 I. C. C., 646, in which we said:

Delivery by the Alabama Great Southern to plants on the Chattanooga Belt Railway is in effect delivery to industries located on its own terminals, as the Belt Railway is operated by the respondent.

Respondent argues that where Belt Railway delivery is made shippers receive more service and pay a lower total charge on logs handled by the Alabama Great Southern than on shipments originating at local points on other lines except the Southern. The record does not disclose to what extent Belt Railway delivery is required and we do not attach much importance to this contention. It is a universal rule for carriers to accord free delivery on their own terminals of traffic upon which they receive a line haul, and while the fact that this rule is observed by the Alabama Great Southern was referred to in our original report it appears to be without special significance.

4. EMPTY CAR MOVEMENT AND CAR DETENTION.

The petition for rehearing challenges the correctness of the statements made in our first report that the log traffic "must bear the return of the equipment empty" and that "an average trip for a car is 10 days." Protestants aver that "a large proportion of the cars which bring logs into Chattanooga are sent out either over respondent's line or other connecting lines, loaded." Testimony offered by protestants shows that there are a number of manufacturers at Chattanooga who ship their products over respondent's line on the kinds of cars used in the log traffic, and exhibits were filed showing the number of such shipments during a limited period. Respondent does not maintain that every car loaded with logs is returned empty, but contends that the preponderating loaded car movement is toward Chattanooga and that there is a continuous southbound movement of empty cars to take care of northbound loading. The record justifies the conclusion that while many cars used in the log traffic are utilized for return loading a very substantial empty car movement is necessary in order to provide cars for log shippers.

Protestants filed exhibits showing an average of approximately four days from the date of the bill of lading to the date of unloading of 467 cars of logs shipped from points over 200 miles distant from Chattanooga. These exhibits are inconclusive of the average time per trip of cars used in the log traffic, as they cover only the loaded car movement, do not show detention at the loading point prior to the issuance of a bill of lading, or include the date of unloading. One of respondent's exhibits contains a record of 220 cars received at Chattanooga during the months of May and June, 1913, and May, 1914, from which it appears that the average time per trip was 9.7 days. This exhibit covers cars moving from near-by as well as from long distance points but only a small proportion of all log shipments handled. The time cars were placed in motion to fill the shipper's order and the time of release were used to ascertain the time per trip. Upon all of the facts of record it seems probable that the average time per trip is not less than seven days.

5. EFFECT OF THE INCREASED RATES ON INVESTMENTS.

Protestants allege that under the present scale of rates they can not afford to ship logs from points on the Alabama Great Southern and that the available supply from other points is insufficient to warrant the operation of their lumber manufacturing plants at Chattanooga. This, it is urged, is a matter which is entitled to great consideration and weight. It was shown that shipments of logs to Chattanooga have materially decreased since the new rates became effective, that certain mills have closed, and that others are not running on full time. It appears, however, that throughout the south the lumber industry has suffered severely as a result of the European war and from other causes, and that the depression at Chattanooga is perhaps no greater than at Memphis and other lumber manufacturing centers. Protestants' contentions in this regard were strongly emphasized at the original hearing and have received full consideration. However reluctant the Commission may feel to sanction changes in rates which tend to impair or destroy the value of investments made in expectation of their continuance, it can not on that ground deny to carriers the right to charge rates which are just and reasonable.

6. COMPARISON OF LOG RATES WITH RATES ON OTHER COMMODITIES.

Protestants contend that the following table presents a fair comparison of the value and relative earnings per car on the commodities named for a distance of 215 miles, the average haul on logs during the period from May 22 to August 31, 1914:

Commodity	Average weight.	A. G. S. rate	Revenue per car.	Revenue per car-mile.	Value per car.
	<i>Pounds.</i>	<i>Cents.</i>		<i>Cents.</i>	
Lumber	49,000	11	\$53.90	25.07	\$227.7
Cotton seed	43,000	15	64.50	30.00	322.5
Common brick	60,000	9	54.00	25.11	70.5
Sand and gravel	75,000	9	67.50	31.39	43.7
Fertilizer	40,000	12.5	50.00	23.25	470.0
Grain	30,000	20	60.00	27.90	465.0
Sewer pipe	30,000	11	33.00	15.34	180.0
Draught tile	30,000	11	33.00	15.34	80.3
Cement	40,000	11	44.00	20.46	190.0
Scrap iron	40,000	12.5	50.00	23.25	170.0
Average per car			50.99	23.71	224.5
Logs	58,000	8.5	49.30	22.93	72.3

The comparison of rates on logs with rates on other commodities shown in the original report is criticized because a minimum weight on logs of 30,000 pounds was used, whereas the average actual weight materially exceeds 50,000 pounds and also on the ground of differences in value and conditions surrounding the transportation. Except sand, gravel, and common brick, the commodities named are more valuable than logs. Most of them are usually shipped in closed cars, are more or less susceptible to damage, and require a higher degree of care in loading and transportation. Protestants' exhibit seems to afford a better comparison of the earnings per car on logs with the earnings per car on other commodities than the statement embodied in the first report or the revised exhibit filed by respondent, both of which are based on carload minimum weights.

7. COMPARATIVE RATES ON LOGS.

Protestants allege that rate comparisons offered by respondent at the first hearing were misleading because of errors in respondent's exhibits, that rates selected for comparison were, in many instances, mere paper rates upon which no traffic moves, and that rates for similar distances actually applied by other lines serving Chattanooga and to other points are materially lower than respondent's rates. Numerous exhibits were filed showing rates to Chattanooga, Memphis, Nashville, Ohio River crossings, and other points. In the preparation of respondent's exhibits rates applicable to lumber and related articles, including logs, were used where no specific commodity rates on logs were in effect, and where gross and net rates were published the gross rates were selected for comparison. Protestants' exhibits show net rates where net rates were in effect, and as a general rule nothing but specific rates on logs were used. These fundamental differences in the preparation of exhibits resulted in comparisons which on their face were favorable to the contentions of the party offering them.

The following table presents a comparison of the former and present rates, in cents per 100 pounds, of the Alabama Great Southern with rates of other Chattanooga lines and the gross and net rates of the Yazoo & Mississippi Valley and the Illinois Central Railroad to Memphis:

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Distances in miles.	A. G. S. Ry.		S. Ry. (Memphis division).	S. Ry. (Ala- bama- Birm- ing- ham- Mobile divisions).	C. N. O. & T. P. Ry.	N. C. & St. L. Ry.	W. & A. Ry.	C. of G. Ry.	T. A. & G. Ry.	I. C. and Y. & M. V. Ry. to Memphis	
	For- mer.	Pres- ent.								Gross.	Net.
5 miles and under	2 1/2	2	1 1/2	1 1/2	2 1/2	2	2 1/2	-----	2 1/2	1 1/2	1 1/2
10 miles and over 5	2 1/2	2	2	1 1/2	2 1/2	2 1/2	2 1/2	1 1/2	2 1/2	1 1/2	1 1/2
15 miles and over 10	2 1/2	2 1/2	2 1/2	2	2 1/2	2 1/2	2 1/2	1.625	2 1/2	1 1/2	1 1/2
20 miles and over 15	2 1/2	2 1/2	2 1/2	2	2 1/2	2 1/2	2 1/2	1.75	2 1/2	2	2
25 miles and over 20	2 1/2	3	2 1/2	2 1/2	3 1/2	2 1/2	3	2	2 1/2	2	2
30 miles and over 25	2 1/2	3	2 1/2	2 1/2	3 1/2	4	3 1/2	2.125	2 1/2	2	2
35 miles and over 30	2 1/2	3	3	2 1/2	4 1/2	4 1/2	3 1/2	2.5	2 1/2	2	2
40 miles and over 35	2 1/2	3	3	2 1/2	4 1/2	4 1/2	3 1/2	2.5	2 1/2	2 1/2	2 1/2
45 miles and over 40	2 1/2	3 1/2	3 1/2	2 1/2	4 1/2	4 1/2	3 1/2	2.65	2 1/2	2 1/2	2 1/2
50 miles and over 45	2 1/2	3 1/2	3 1/2	2 1/2	4 1/2	4 1/2	4 1/2	2.75	2 1/2	2 1/2	2 1/2
55 miles and over 50	3 1/2	4	3 1/2	3	5	5	4 1/2	3	3 1/2	4 1/2	4 1/2
60 miles and over 55	3 1/2	4	3 1/2	3	5	5	4 1/2	3.25	3 1/2	4 1/2	4 1/2
65 miles and over 60	3 1/2	4 1/2	4	3 1/2	5 1/2	5 1/2	4 1/2	3.25	3 1/2	4 1/2	4 1/2
70 miles and over 65	3 1/2	4 1/2	4 1/2	3 1/2	5 1/2	5 1/2	4 1/2	3.25	3 1/2	4 1/2	4 1/2
75 miles and over 70	3 1/2	5 1/2	4 1/2	3 1/2	5 1/2	6	5	3.375	3 1/2	4 1/2	4 1/2
80 miles and over 75	3 1/2	5 1/2	4 1/2	3 1/2	5 1/2	6 1/2	5 1/2	3.50	3 1/2	4 1/2	4 1/2
85 miles and over 80	3 1/2	5 1/2	4 1/2	3 1/2	5 1/2	6 1/2	5 1/2	3.50	3 1/2	4 1/2	4 1/2
90 miles and over 85	3 1/2	5 1/2	4 1/2	3 1/2	5 1/2	6 1/2	5 1/2	3.50	3 1/2	4 1/2	4 1/2
95 miles and over 90	3 1/2	5 1/2	5	4	6	7	5 1/2	3.50	3 1/2	4 1/2	4 1/2
100 miles and over 95	3 1/2	5 1/2	5	4	6	7	5 1/2	3.50	3 1/2	4 1/2	4 1/2
110 miles and over 100	4 1/2	5 1/2	5 1/2	4 1/2	6 1/2	7	5 1/2	3.50	3 1/2	4 1/2	4 1/2
120 miles and over 110	4 1/2	6	5 1/2	4 1/2	6 1/2	7 1/2	6 1/2	3.75	3 1/2	4 1/2	4 1/2
130 miles and over 120	4 1/2	6	6	4 1/2	7	7 1/2	6 1/2	4	3 1/2	4 1/2	4 1/2
140 miles and over 130	4 1/2	6	6 1/2	5	7	7 1/2	6 1/2	4	3 1/2	4 1/2	4 1/2
150 miles and over 140	4 1/2	6 1/2	6 1/2	5 1/2	7 1/2	7 1/2	6 1/2	4.25	3 1/2	4 1/2	4 1/2
160 miles and over 150	5	6 1/2	7	5 1/2	7 1/2	7 1/2	6 1/2	4.375	3 1/2	4 1/2	4 1/2
170 miles and over 160	5	6 1/2	7 1/2	5 1/2	7 1/2	8	6 1/2	4.5	3 1/2	4 1/2	4 1/2
180 miles and over 170	5	7	7 1/2	6	7 1/2	8	6 1/2	4.65	3 1/2	4 1/2	4 1/2
190 miles and over 180	5 1/2	8	8	6 1/2	8 1/2	8 1/2	6 1/2	5.25	3 1/2	4 1/2	4 1/2
200 miles and over 190	5 1/2	8 1/2	8 1/2	6 1/2	8 1/2	9	6 1/2	5.5	3 1/2	4 1/2	4 1/2
210 miles and over 200	6	8 1/2	8 1/2	6 1/2	8 1/2	9	6 1/2	10	3 1/2	4 1/2	4 1/2
220 miles and over 210	6	8 1/2	9	7	8 1/2	9 1/2	6 1/2	10	3 1/2	4 1/2	4 1/2
230 miles and over 220	6	8 1/2	9 1/2	7 1/2	8 1/2	10	6 1/2	10	3 1/2	4 1/2	4 1/2
240 miles and over 230	6	8 1/2	9 1/2	7 1/2	9	10	6 1/2	10	3 1/2	4 1/2	4 1/2
250 miles and over 240	6	8 1/2	10	7 1/2	9	10	6 1/2	10	3 1/2	4 1/2	4 1/2
260 miles and over 250	7 1/2	8 1/2	10 1/2	8	9	10	6 1/2	11	3 1/2	4 1/2	4 1/2
270 miles and over 260	7 1/2	8 1/2	10 1/2	8 1/2	9	10	6 1/2	11	3 1/2	4 1/2	4 1/2
27 1/2 miles and over 270	7 1/2	8 1/2	11	8 1/2	9	10	6 1/2	11	3 1/2	4 1/2	4 1/2
Average	4.2	5.50	5.74	4.53	6.21	6.63	4.5	4.84	3.25	5.14	4.3

The gross rates of the Yazoo & Mississippi Valley to Memphis were not condemned in *May Bros. v. Y. & M. V. R. R., supra*. The only lines over which there is a substantial movement of logs to Chattanooga for distances exceeding 100 miles are the Alabama Great Southern, Southern, and Central of Georgia. The average haul from Cincinnati, New Orleans & Texas Pacific points is 17 miles and from Nashville, Chattanooga & St. Louis points 70 miles. The shorter average haul from points on these lines is said to be due in part to relatively higher rates; but it appears that competition of local mills and the location of Chattanooga with reference to the principal lumber markets exert a potent influence. The logs are moved northward toward the ultimate destination of the product instead of to Chattanooga.

Our conclusion upon the whole record is that respondent should not be required to reestablish the rates in effect prior to May 22, 1914, which averaged lower than the net rates to Memphis, Nash-

ville, and Ohio River crossings of the lines serving those points, but that the present rates for certain distances should be reduced. Under the present scale a rate of 4½ cents applies for distances of 61 to 70 miles, 5½ cents 71 to 110 miles, 6½ cents 141 to 170 miles, 7 cents 171 to 180 miles, 8 cents 181 to 190 miles, and 8½ cents 191 to 275 miles. The abrupt increases from 4½ to 5½ cents and from 6½ to 8½ cents are inconsistent with the remainder of the scale, and the record suggests no reason for blanketing the 5½-cent and the 8½-cent rates over such long distances. The proposed rates named in the following table would seem to afford a more consistent and equitable adjustment:

	Present rates.	Per ton-mile.	Proposed rates.	Per ton-mile.
	<i>Cents.</i>	<i>Mills.</i>	<i>Cents.</i>	<i>Mills.</i>
65 miles and over 60 miles.....	4½	12.84	4½	12.84
70 miles and over 65 miles.....	4½	12.85	4½	12.85
75 miles and over 70 miles.....	5½	14.06	4½	12.00
80 miles and over 75 miles.....	5½	13.75	5	12.50
85 miles and over 80 miles.....	5½	12.94	5	11.76
90 miles and over 85 miles.....	5½	12.22	5	11.11
95 miles and over 90 miles.....	5½	11.57	5½	11.57
100 miles and over 95 miles.....	5½	11.00	5½	11.00
110 miles and over 100 miles.....	5½	10.00	5½	10.00
120 miles and over 110 miles.....	6	10.00	6	10.00
130 miles and over 120 miles.....	6	9.23	6	9.23
140 miles and over 130 miles.....	6	8.57	6	8.57
150 miles and over 140 miles.....	6½	8.66	6½	8.66
160 miles and over 150 miles.....	6½	8.12	6½	8.12
170 miles and over 160 miles.....	6½	7.64	6½	7.64
180 miles and over 170 miles.....	7	7.77	7	7.77
190 miles and over 180 miles.....	8	8.42	7	7.37
200 miles and over 190 miles.....	8½	8.50	7	7.00
210 miles and over 200 miles.....	8½	8.09	7½	7.14
220 miles and over 210 miles.....	8½	7.72	7½	6.82
230 miles and over 220 miles.....	8½	7.39	7½	6.52
240 miles and over 230 miles.....	8½	7.08	8	6.66
250 miles and over 240 miles.....	8½	6.80	8	6.40
260 miles and over 250 miles.....	8½	6.54	8½	6.54
270 miles and over 260 miles.....	8½	6.30	8½	6.30
275 miles and over 270 miles.....	8½	6.18	8½	6.18

We therefore find that the present rates per 100 pounds for distances of 71 to 90 miles, inclusive, and 181 to 250 miles, inclusive, are unreasonable and for the future should not exceed the proposed rates shown in the above table.

Our order in the original proceeding prescribed a carload minimum of 40,000 pounds for distances up to and including 140 miles and 30,000 pounds for distances greater than 140 miles. The record shows that the average weight per car of all logs shipped to Chattanooga over respondent's line during 1913 was 52,509 pounds. Witnesses for protestants testified that the average per car of their shipments ranged from 54,000 to 58,000 pounds. It is our conclusion that a minimum carload weight of 40,000 pounds for the distances herein involved would be reasonable.

An order will be entered in accordance with the findings herein announced.

No. 6902.

VAN DUSEN HARRINGTON COMPANY

v.

CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY
ET AL.

Submitted January 19, 1915. Decided July 22, 1915.

Charges assessed for the transportation of corn from various points in Iowa and Nebraska to Minneapolis, Minn., and reshipped thence to various points in California at combination of rates to and from Minneapolis found to have been unlawful to the extent they exceeded charges based on the joint through rate. Reparation awarded.

H. A. Feltus and D. F. Simpson for complainant.

J. N. Davis for Chicago, Milwaukee & St. Paul Railway Company.

C. Frankenberg for Union Pacific Railroad Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in a general grain business, with its principal offices at Minneapolis, Minn. By complaint, filed May 13, 1914, it attacks as unlawful the charges collected by defendants on numerous carload shipments of corn that originated during December, 1912, and January and February, 1913, at various Iowa and Nebraska points, consigned to Minneapolis and that were reforwarded within six months from Minneapolis via the Chicago, Milwaukee & St. Paul Railway, referred to herein as the Milwaukee, and its connections, to various points in California. Reparation is asked.

Charges were collected on the shipments at the rates from the points of origin to Minneapolis, plus a rate of 55 cents beyond. The shipments from Marcus, Gaza, Primghar, Archer, and Remsen, and one shipment from Hinton, moved to Minneapolis over the Illinois Central Railroad and the Minneapolis & St. Louis Railroad at a rate of 13 cents per 100 pounds to Minneapolis. The shipments from Merrill and the remaining shipments from Hinton moved to Minneapolis over the Great Northern Railway at a rate of 11½ cents per 100 pounds. The points of origin just named are all in the state of Iowa. The shipments from Nebraska points moved over the Chicago, Burlington & Quincy Railroad and the Great Northern Railway at rates of 13½ cents from Waterbury to Minneapolis, 16½ cents from Osmond, 17½ cents from Royal. Transcontinental freight bureau westbound tariff No. 1-L, agent R. H. Countiss's I. C. C. 929, in effect when the shipments moved, provided a commodity rate

of 55 cents per 100 pounds on corn in carloads from points in Minnesota, Iowa, and Nebraska, including Minneapolis and the points of origin here involved, to points in California, including the final destinations of the shipments described. No restrictions as to routing were provided in connection with the 55-cent rate east of the western gateways: Ogden, Utah; El Paso, Tex.; Albuquerque and Belen, N. Mex.; Salt Lake City, Utah; Los Angeles and Colton, Cal.; Provo, Utah; Portland, Oreg.; Vancouver, B. C.; and Seattle, Spokane, and Tacoma, Wash. All of the lines named in the complaint were parties to the tariff naming this 55-cent rate. Milwaukee tariff, I. C. C. B-2002, in effect when the shipments moved, provided in item 336 as follows:

Grain may be milled, malted, reforwarded, or shelled in transit as follows: From St. Paul, Minneapolis, Minnesota Transfer, Minn., applying on shipments coming from points beyond, originally consigned to these stations—transit stations—St. Paul, Minneapolis, Minnesota Transfer, Minn., when for points in Montana, Idaho, Washington, Oregon, British Columbia, or California, corn or oats reforwarded, rate basis 196.

Rate basis 196 provided that—

Corn or oats may be reforwarded in bulk or sacks within six months from date of shipment, at balance of through rate in effect at time shipment moved from points of origin.

NOTE 1.—Duplicate inbound expense bills of initial lines must be attached to reforwarding instructions. It is understood that the identity of the corn * * * is not preserved.

Subsequently to the movement of the shipments, item 336 was amended as to shipments from beyond originally consigned to the stations named, by the following note:

Applying on shipments originating at stations in the states of Iowa, Minnesota, South Dakota, and North Dakota on the Chicago, Milwaukee & St. Paul Railway and connecting lines, originally billed to St. Paul, Minneapolis, or Minnesota Transfer, Minn., and from which points of origin there are through rates via the Chicago, Milwaukee & St. Paul Railway to stations in the states of Montana, Idaho, Washington, Oregon, California, or British Columbia.

Complainant contends that the transit provisions applicable at Minneapolis at the time the shipments moved, taken in connection with the fact that all participants in the transportation were parties to the transcontinental tariff, and that the routing between the points of shipment was unrestricted, entitled it to the through rate of 55 cents from points of origin, through Minneapolis, to final destinations. *Mason Bros. v. S. P. Co.*, 28 I. C. C., 402, is cited in support of that contention. Defendants introduced no testimony as to the applicability of the through rate. The Milwaukee representative intimated in a statement made on the record that the shipments could have been sent via a more direct route. This contention loses its force when it is remembered that this business was solicited by

the Milwaukee; that the Milwaukee gets the long haul only from Minneapolis; and that its tariff has, since the shipments moved, been amended to cover transit privileges at Minneapolis on corn originating at certain points west and southwest of Minneapolis when destined to Pacific coast terminals.

Upon the record we find that the charges assessed on the shipments here involved were unlawful to the extent that they exceeded those accruing on the basis of the through rate of 55 cents per 100 pounds from points of origin to final destinations. We further find that complainant made the shipments heretofore described and paid and bore the charges thereon, that it has been damaged, and that it is entitled to reparation with interest.

By the terms of the tariff the through rate could be applied only when all of the provisions therein contained had been complied with. No reparation can be awarded on cars as to which the requirement of surrender of inbound expense bills of initial lines was not complied with.

There is no proof as to the amount of the charges collected on the other shipments, and upon this record we are unable to determine the amount of reparation due. Complainant should prepare a statement showing as to each shipment on which reparation is claimed the date of movement, point of origin, point of destination, rate, weight, car number and initials, rate applied, charges collected, charges properly collectible under our findings herein, and amount of reparation due. This statement should be submitted to the defendants for verification by them. Upon receipt of such a statement so prepared and verified, and certified to by defendants' proper accounting officers, the Commission will take up the question of the issuance of an order of reparation.

No. 6990.

NATIONAL ASSOCIATION OF TANNERS ET AL.

v.

LEHIGH VALLEY RAILROAD COMPANY ET AL.

Submitted February 5, 1915. Decided July 22, 1915.

Rates on mangrove bark, myrobalans, and valonia from ports on the Atlantic seaboard to destinations in trunk line and central freight association territories found to be unreasonable to the extent that they exceeded sixth-class rates. Reparation denied.

A. B. Hayes and Charles Conrads for complainants.

F. D. McKenney and W. C. Carpenter for carriers in trunk line territory.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainants are corporations and firms engaged in the tannery business, with their principal offices at various points in official classification territory. By complaint, filed July 10, 1914, they allege that the rates charged by the defendants for the transportation of mangrove bark, myrobalans, and valonia in carloads from New York, N. Y., Philadelphia, Pa., and other Atlantic ports to points in trunk line and central freight association territories are unreasonable to the extent that they exceed the sixth-class rates from and to the same points. Reparation is asked on all shipments since February 1, 1914.

Mangrove bark is a product of the mangrove tree, obtained principally from eastern Africa and Madagascar. Myrobalan is a nut produced in India, while valonia is the cup of an acorn imported from Asia Minor. All three articles are used principally for tanning and to some extent for dyeing and other purposes. The annual importation amounts to several hundred carloads. The tannic acid required for tanning once was secured from oak and hemlock bark, but the gradual depletion of the oak and hemlock supply rendered necessary the use of other materials. Mangrove bark, myrobalans, and valonia contain a much higher percentage of tannin than domestic barks, and are worth from 1 cent to 1½ cents per pound, three or four times as much as oak and hemlock bark.

For many years the official classification has rated mangrove bark, myrobalans, valonia, and tanning materials of all kinds, except domestic leaf bark, worth from 1 cent to 4 cents per pound, fifth class. Exceptions to the classification rated mangrove bark sixth class during practically the entire period from January 2, 1906, until early in 1914. The rates on myrobalans to trunk line territory during the same period alternated between fifth and sixth class, although sixth-class rates applied continuously from May 1, 1911, until early in 1914. Sixth-class rates also applied to central freight association territory for a period of less than one year immediately prior to May 31, 1907; fifth-class rates thereafter. Fifth-class rates have applied uniformly on valonia. Tariffs which took effect during the period from February 1, 1914, to April 10, 1914, canceled the application of sixth-class rates on mangrove bark and myrobalans.

Complainants demand rates not in excess of sixth-class rates on the following grounds: Domestic bark, the original tanning material, though nearly always rated sixth class, almost always has taken commodity rates lower than sixth class and seldom has been shipped for distances exceeding 150 or 200 miles. The imported materials involved are shipped to points from 800 miles to 1,000 miles from the ports of entry, an average distance of 375 miles to Pennsylvania points where most of the tanneries in trunk line territory are located. Spruce and spent liquor extracts, of about the same value as the imported materials, though rated fifth class in the official classification, actually move at sixth-class or lower rates under exceptions to the classification or under commodity tariffs. The same is true to a certain extent of hemlock extracts. The southern classification rates bark, extracts, and other materials used for tanning, including the imported materials involved, sixth class. Some of the articles, however, chestnut extract in particular, move in considerable quantities from southern points to points in official classification territory under sixth-class or lower rates. Mangrove bark, myrobalans, and valonia are used for the same purpose as domestic products and conserve the domestic supply, thereby prolonging the life of an important industry from which the railroads derive substantial revenue. As prepared for shipment they are convenient to handle, are not easily damaged, and at sixth-class rates yield per car revenues that compare favorably with the revenues derived from other kinds of freight moved at sixth-class rates. The long-continued application of sixth-class rates on mangrove bark and myrobalans raises a presumption that sixth-class rates are reasonable, and no higher rates should be charged on valonia, which is practically identical with mangrove bark and myrobalans from a commercial and transportation standpoint.

Defendants reply at length that the rates applied on domestic barks and spruce and spent liquor extracts are inapplicable as a measure of the rates applied on imported materials because the value, method of transportation, and other rate-determining elements are substantially dissimilar. Leaf bark, they assert, is a cheap, low-grade material shipped short distances only, principally over a single line, and requiring exceptionally low rates to move it at all. Spruce extract and spent liquor extract are comparatively cheap materials derived from a by-product of paper mills and the spent liquor of tanneries. Both are shipped in tank cars. Sixth-class rates on hemlock extract apply only from one point and as a proportional rate on shipments originating beyond. Defendants do not deny that the imported materials involved constitute desirable traffic productive of substantial carload revenues, but maintain that the expense of loading them into cars at the ports, absorbed by the carriers, the value to complainants of the imported products on account of their high tannic acid contents and their commercial and transportation relation to other materials, fully justify the application of fifth-class rates, especially as the classification committee steadfastly has declined to sanction a lower rating.

Sixth-class rates were originally established on mangrove bark by the individual carriers at the behest of shippers, who represented that such rates were necessary to move the article and to permit the tanneries to continue in operation. Other carriers published the sixth-class rating for competitive reasons, and in this way its application became general throughout official classification territory. The sixth-class rating on myrobalans was established in the same manner and for the same reasons, although its application was confined to a more limited area and has not been continuous, as in the case of mangrove bark. Defendants believed that the sixth-class rating was too low, and perceiving a disposition on the part of shippers to use it as a basis for demanding reductions in the rates on numerous other commodities used for like purposes, decided to cancel it and to apply fifth-class rates as provided by the official classification.

The commodities involved are shipped in bags weighing about 150 pounds each, and load from 40,000 to 50,000 pounds per car. Their value, ranging from 1 cent per pound to 1½ cents per pound, although greater than the value of native tan bark, is so low and their liability to damage or loss so slight that value is not an item of controlling importance in determining the relationship of the rates assailed to the rates on bark. The greater weights per car of the imported materials, the longer average hauls, and the higher earnings per car are of greater importance. The average carload weight and revenue per car at sixth-class rates are almost double the

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average weight and return per car for native tan bark, which moves at rates something less than sixth class and loads from 24,000 to 30,000 pounds per car. No testimony was introduced showing the cost of loading shipments at the ports. Complainants do not deny that the cost of loading at the ports, which is performed on all import traffic, might justify a difference in rates on import and domestic shipments, other things being equal, but insist that the cost of loading is not so great as to offset the difference between sixth-class rates and the lower commodity rates applied to the transportation of native tan bark.

The facts disclosed show plainly that mangrove bark, myrobalans, and valonia should take equal rates, and it only remains to determine whether the application of fifth-class rates is unreasonable. The change from sixth-class to fifth-class rates on mangrove bark and myrobalans effected an increase in transportation charges varying from 15 per cent to 27 per cent. It does not appear that the sixth-class rates so long maintained were less than reasonable, nor that the circumstances and conditions of transportation have changed sufficiently to warrant the increase effected.

Upon all of the facts of record we find that the rates assailed on mangrove bark, myrobalans, and valonia in carloads from and to the points involved are and for the future will be unreasonable to the extent that they exceed the sixth-class rates contemporaneously maintained from and to the same points. Reparation, however, is denied because only a revision of classification is involved and there is no proof of damage.

An appropriate order will be entered.

HARLAN, *Commissioner*, dissents.

35 I. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 576.

LUMBER RATES FROM WILSON, ARK., AND OTHER
POINTS TO CINCINNATI, OHIO, AND OTHER POINTS.

Submitted May 24, 1915. Decided July 22, 1915.

Proposed withdrawal of through rates on lumber from points of origin in Arkansas to Louisville, Ky., Cincinnati, Ohio, and Evansville, Ind., found justified. Suspension orders vacated.

Thomas Bond for St. Louis & San Francisco Railroad Company and its receivers, and others.

J. R. Walker for protestants.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

The tariffs under suspension in this proceeding, filed to take effect January 1, 1915, proposed to cancel joint through carload rates on lumber from stations on the St. Louis & San Francisco Railroad, hereinafter referred to as the Frisco, between Blytheville and Kyle, Ark., inclusive, and from stations on the Jonesboro, Lake City & Eastern Railroad, hereinafter referred to as the Lake City & Eastern, to Evansville, Ind., Louisville, Ky., and Cincinnati, Ohio. The cancellations would leave in effect only the higher combination rates, based on Memphis, Tenn., St. Louis, Mo., or Thebes, Ill., whichever combination would be the lower. Upon protests filed by certain lumber shippers the tariffs were suspended until May 1, 1915, and later until November 1, 1915.

The present rates apply through Memphis. From points on the Lake City & Eastern they apply in connection with the Frisco. The Frisco was the only respondent represented at the hearing and assumed the burden of justifying the proposed changes.

Victoria and Armored, Ark., on the Lake City & Eastern, are the only points of origin involved at which sawmills are in operation. One protestant, the Three States Lumber Company, operates a mill at Burdette, Ark., a local station on the Blytheville, Burdette & Mississippi River Railway, west of Burdette Junction, and is interested in the rates from Burdette Junction to the extent that they constitute factors in combination rates from Burdette to the destinations involved. As the rates from the points of origin bear a fixed relationship to each other and the evidence is directed chiefly to the rates

from Victoria, that point may be taken as representative of all the points of origin involved. All rates are stated in cents per 100 pounds.

Victoria is 1 mile from Wilson, Ark., a junction of the Lake City & Eastern with the Frisco. The present rates from Victoria are, 13 cents to Evansville, 349 miles; 14 cents to Louisville, 430 miles; 17 cents to Cincinnati, 560 miles. These rates were first established July 14, 1910, when the Wilson Northern Railway, since leased by the Lake City & Eastern, owned and operated the line reaching Victoria. They were canceled May 1, 1912, following our decision in *The Tex Line case*, 23 I. C. C., 549.

Protestant, Lee Wilson & Company, operates a mill at Victoria approximately one-half mile from the Mississippi River. Prior to May 28, 1912, this protestant had rails from its mill to the river and was barging lumber to the destinations involved. On May 28, 1912, the present rates were reestablished after negotiations, but with the understanding that Lee Wilson & Company would discontinue the use of barges and would ship lumber from Victoria destined to Evansville, Louisville, and Cincinnati over respondents' lines. Lee Wilson & Company accordingly took up its rails described and has since shipped from 156 to 338 cars of lumber annually over respondents' lines to the destinations involved.

The rates proposed would increase the present rates 3 cents to Evansville and Louisville, 2 cents to Cincinnati. The witness for the Frisco testified that rates from lumber-producing points west of the Mississippi River to Evansville, Louisville, and Cincinnati are normally on the basis of the lowest combination on Memphis or Thebes, and that the present rates were established as exceptional rates to meet the competition of the barge lines. The rates are said to be abnormally low and provocative of complaints from lumber dealers shipping from points in southeastern Missouri. They will be used also, the same witness added, in comparisons to force down other rates and the Frisco can better afford to surrender the business moving from the points of origin to the destinations involved to the barge lines, which are still in operation, than run the risk of general reductions from points in southeastern Missouri. Comparisons of lumber rates from northern Arkansas and southeastern Missouri points to the destinations involved were submitted, intended to show that the present rates are abnormally low and that the proposed rates are reasonable. All the rates compared are higher than the rates in issue, and in most instances apply to shorter distances.

Protestants insist that there has been no change in conditions since May, 1912, to warrant the increase proposed, and that the lumber business is so depressed that the traffic can not bear higher rates.

They deny that the basis of rates from points west of the Mississippi River to Ohio River crossings is Mississippi River combination, citing through rates from points in eastern Arkansas lower than any gateway combination. They concede, however, that the river combinations form the general basis of rates to points in central freight association territory.

Upon the record we find that respondents have justified the proposed cancellation of the joint rates involved, and the suspension orders will be vacated.

85 I. C. C.

No. 7241.

DES MOINES SAW MILL COMPANY

v.

MINNEAPOLIS & ST. LOUIS RAILROAD COMPANY ET AL

Submitted April 29, 1915. Decided July 22, 1915.

Through rates on walnut lumber from Des Moines, Iowa, to points east of the Illinois-Indiana state line composed of proportional rates to and from the Mississippi River, and joint rates on walnut logs from Des Moines when from beyond, to Norfolk and Newport News, Va., for export, considered; *Held*:

1. That, following the *Interior Iowa Otties cases*, 29 I. C. C., 537, a reasonable proportional rate on walnut lumber from Des Moines to the Mississippi River for the future will be 11½ cents per 100 pounds.
2. That pieces of walnut, as described herein, properly are ratable as walnut dimension lumber, pieces.
3. That from Des Moines to Norfolk and Newport News over the lines of the Wabash Railroad and its connections and the Chicago, Burlington & Quincy Railroad and its connections the joint rate on walnut logs for export should not exceed the rate on the same commodity from Kansas City to Norfolk and Newport News by more than 2 cents per 100 pounds

F. W. Lehmann, jr., for complainant.

C. C. Wright, W. F. Dickinson, W. T. Hughes, O. W. Dynes, G. A. Kelly, N. S. Brown, R. B. Scott, and K. F. Burgess for Chicago & North Western Railway Company; Chicago, Rock Island & Pacific Railway Company; Chicago, Milwaukee & St. Paul Railway Company; Chicago Great Western Railroad Company; the Wabash Railroad Company; and Chicago, Burlington & Quincy Railroad Company.

Henry Merki for Joint Rate Inspection Bureau.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation, with its principal place of business at Des Moines, Iowa, where it operates a sawmill. By complaint filed September 2, 1914, it alleges that defendants' proportional rates on walnut billets or pieces in carloads from Des Moines to points east of the Illinois-Indiana state line exceed the rates on common lumber; that east of the Mississippi River the defendants charge on such pieces of walnut lumber the rates on gunstocks in the rough:

that the charges for through carriage to eastern points in some instances exceed the aggregates of intermediate charges based on Chicago; that walnut logs and lumber for export move from Kansas City, Mo., to Norfolk, Va., at a rate of 27 cents, while the rate on the same commodities from Des Moines to Norfolk is 35½ cents; and that the proportional and through rates described are unreasonable and unjustly discriminatory.

There are no joint rates on walnut lumber from Des Moines to points east of the Illinois-Indiana state line. Combination through rates apply composed of proportional rates applicable to and from the upper Mississippi River crossings. The western classification, which applies from Des Moines to the Mississippi River, rates walnut lumber in carloads third class. The third-class rate is 20.9 cents per 100 pounds. A proportional commodity rate of 12½ cents per 100 pounds applies, however, on walnut lumber 3 cents higher than the proportional commodity rate of 9½ cents maintained for common lumber from Des Moines to the Mississippi River. East of the Mississippi River the proportional rates on walnut lumber and on common lumber are the same. Complainant refers to several cases in which we have found that the rates on certain articles made of wood should not exceed the rates on lumber, particularly *Board of R. R. Commissioners of State of Iowa v. A., T. & S. F. Ry. Co.*, Unreported Opinion No. A-222, in which we found that the classification of coffin stock in the western classification was relatively unreasonable and unduly prejudicial as compared with the rating on lumber. The cases referred to are inapplicable, however, for the reason that they involved only the question of rates or ratings on the lumber from which the articles involved were made.

Walnut is one of a few woods classified in the western classification that are excluded from the commodity rates maintained on lumber. The 3-cent differential on walnut lumber over common lumber described is maintained throughout the west and is justified, defendants assert, by difference in value. Complainant shows that the value of the walnut logs it saws into walnut dimension pieces averages \$37.50 per thousand feet at the point of origin, which substantiates the statement in *East St. Louis Walnut Co. v. St. L., I. M. & S. Ry. Co.*, Unreported Opinion A-941, that "walnut is the highest priced lumber which is sawed to any extent in the United States." Only pieces of walnut free from all defects are involved. We have frequently recognized the reasonableness of establishing differentials for valuable woods over the rates on common lumber. The record affords no basis for determining a reasonable differential for walnut over common lumber, nor any other basis for condemning the differential assailed.

Complainant contends that the proportional rate described as common lumber, $9\frac{1}{2}$ cents per 100 pounds, is unreasonable because it exceeds the rate applicable under the Iowa distance scale from Des Moines to Muscatine and other Mississippi River points nearer than St. Louis to Des Moines. In our first report in the *Interior Iowa Cities cases*, 28 I. C. C., 64, 73, we said:

A shipper has no legal grievance with respect to his through traffic when compelled to pay excessive charges for the through service. If the through charges are lawful in the sense that they are reasonable charges for the through service, a shipper can not predicate unlawfulness of one of the component parts of the through charges by alleging that it is excessive compensation to that carrier for that part of the through service. He pays for the complete service, and it is no concern of his how the through charges are divided among the carriers, whether by agreement or by published proportions so long as the through charges for the through carriage are reasonable.

However, the purport of our reports in the *Interior Iowa Cities case* and in the *Mississippi River cases*, 29 I. C. C., 530, 536, was that the carriers there involved were entitled to maintain certain differences over the Iowa distance scale, but that proportional rates on commodities should not involve differences in excess of the differences prescribed for the classes to which the commodities belonged. The Iowa distance scale from Des Moines to Muscatine makes a rate of $10\frac{1}{2}$ cents per 100 pounds on walnut lumber. The difference established by us for third-class rates was 1 cent per 100 pounds.

We find that a reasonable rate applicable to complainant's product from Des Moines to the Mississippi River would not exceed $11\frac{1}{2}$ cents per 100 pounds, which rate will be prescribed as a maximum rate for the future. An order will be entered establishing a proportional rate not in excess of $11\frac{1}{2}$ cents per 100 pounds on walnut lumber from Des Moines to the Mississippi River crossings when destined to points east of the Illinois-Indiana state line.

Complainant buys walnut logs of various grades and dimensions ships them to Des Moines, and there separates them into logs fit for export, or for shipment to veneer makers in the United States, and logs of low grade suitable for its own purposes. The latter are sawed by complainant into boards from 2 to $2\frac{1}{2}$ inches thick, which are cut into rough blanks approximating in outline gunstocks and gunstock parts. The grain is followed and knots or other imperfections are avoided. These blanks are steam dried to extract most of the sap. The ends are then dipped into paraffin to prevent checking or cracking. The pieces are shipped to certain gunmakers east of the Illinois-Indiana state line. Some of the pieces are nearly oblong being broader at one end than at the other, and ultimately are made into shoulder butts. Other pieces are square billets suitable for manufacture into handgrips for guns, but are equally serviceable as

blanks for the manufacture of chair rungs, balusters, or billiard-cue butts. Other pieces are forms from which complete gunstocks may be turned. All of the pieces are mere blanks or blocks and need further working before they can be used for any purpose.

Defendants serving Des Moines instruct complainant to bill its products as "walnut dimension lumber, pieces." East of the Mississippi River complainant's billing is sometimes changed by the defendants' inspectors to read "gunstocks in the rough," on which the rate is 8 cents per 100 pounds higher than the proportional rate on lumber from and to the same points. The eastern carriers, however, upon claims presented by complainant based on the lumber rate, make refund to complainant on the basis of the proportional rate on lumber from the Mississippi River to destination.

The western classification, which governs from Des Moines to the Mississippi River, rates finished gunstocks only. The official classification first, second, and third class ratings apply, respectively, on less-than-carload shipments of gunstocks, finished, in packages; in the white, in bundles, crates, or boxes; and in the rough, in bundles, crates, or boxes. The rating on gunstocks in the rough, carloads, is sixth class, minimum 34,000 pounds. Gunstocks, in the white, in carloads, are rated fourth class, minimum 30,000 pounds. The pieces of walnut shipped by complainant are loaded into cars separately without packing.

Upon all of the facts disclosed we find that complainant's shipments of pieces of walnut properly are ratable as walnut dimension lumber, pieces.

Complainant asks also for through rates from Des Moines to points taking the Boston rate basis, lower than the through rates on common lumber, stating that the present through rates based on the proportional rates applicable to and from the Mississippi River in some instances exceed the combination rates based on Chicago. No basis is shown for any lower rates on complainant's product than on walnut lumber, and the allegation that through rates make lower on Chicago than on the Mississippi River admittedly is unfounded at the present time.

The Wabash Railroad and the Chicago, Burlington & Quincy Railroad serve both Kansas City and Des Moines. Defendants in connection with the Wabash and the Burlington, their eastern connections, maintain joint proportional rates of 27 cents per 100 pounds on walnut logs and lumber from Kansas City, when from beyond, to Norfolk and Newport News, Va., for export. No joint rates are maintained on the same commodities from Des Moines to Norfolk or Newport News; only a combination through rate based on the proportional rates applicable to and from the Mississippi River which

aggregates 36.8 cents. Complainant competes with shippers located at Kansas City in the purchase and sale of walnut logs for export and the adjustment is said to prejudice complainant unduly. The 27-cent rate described applies through St. Louis. St. Louis is about 279 miles from Kansas City over the Wabash or the Burlington. St. Louis is 340 miles from Des Moines over the Wabash, 357 miles over the Burlington. Norfolk is about 1,005 miles from St. Louis. The 27-cent rate named from Kansas City to Norfolk yields 4.2 mills per ton-mile for the through haul.

Defendants attempt to justify the disparity in rates on walnut logs and lumber for export from Kansas City to Norfolk and from Des Moines to the same port on the ground that the Kansas City-Norfolk rate was established by the Wabash Railroad to compete with the rate of 21 cents for traffic originating beyond Kansas City formerly in effect over other lines from Kansas City to certain ports on the Gulf of Mexico. The Burlington met the rate made by the Wabash in order to participate in the traffic. When the 21-cent rate described applied from Kansas City, Des Moines had a rate of 25½ cents to ports on the Gulf of Mexico, the rate from Kansas City proper. When such shipments were made through Gulf ports risk was incurred because the climate encountered induced checking or cracking.

Upon the facts disclosed we find that any through rate on walnut logs and lumber from Des Moines, when from beyond, to Norfolk or Newport News over the Wabash or the Burlington and their eastern connections higher than the rate contemporaneously maintained by the same carriers from Kansas City to Norfolk and Newport News for export by more than 2 cents per 100 pounds subjects complainant and the city of Des Moines to undue and unreasonable prejudice and disadvantage.

An appropriate order will be entered.

COAL AND COKE RATES IN THE SOUTHEAST.

INVESTIGATION AND SUSPENSION DOCKET No. 569.

BITUMINOUS COAL AND COKE RATES FROM MINES AND OVENS IN ALABAMA, ILLINOIS, KENTUCKY, AND TENNESSEE TO MISSISSIPPI RIVER CROSSINGS AND VARIOUS JUNCTION POINTS IN TENNESSEE, MISSISSIPPI, AND LOUISIANA.

Submitted May 20, 1915. Decided July 22, 1915.

1. Proposed increased rates on coal to New Orleans, La., Memphis, Tenn., Greenville, Natchez, and Gulfport, Miss., Baton Rouge, La., and certain other points in Mississippi and Louisiana justified.
2. Proposed increased rates on coal to Jackson, Vicksburg, Newton, and certain other points in Mississippi and Tennessee not justified. Increased rates to Vicksburg from Illinois and Kentucky justified.
3. Certain increases as shown herein to Meridian and other Mississippi points, and to Jackson, Milan, and other points in Tennessee, justified.
4. Increased rates on coke to Mississippi Valley points justified.

M. P. Callaway, W. A. Northcutt, and Eugene McAuliffe for respondents.

T. K. Riddick for Memphis protestants.

S. D. Weakley and J. L. Davidson for Alabama Coal Operators' Association.

J. B. Rucker and W. M. Barrow for Baton Rouge Chamber of Commerce.

George Butler for Mississippi Railroad Commission and commercial organizations of Jackson, Meridian, and other cities and towns in Mississippi.

E. M. Haynes for Mengel Brothers Company, Hickman, Ky.

R. C. Butler for certain coal operators in southern Illinois district.

Theodore Brent for New Orleans Joint Traffic Bureau.

D. B. Sweeney for protestants at Paris, Tenn.

REPORT OF THE COMMISSION.

CLARK, Commissioner:

The tariff schedules involved in this proceeding, filed to take effect January 1, February 1, February 2, and February 10, 1915, proposed to increase the rates on bituminous coal from mines in Illinois, Kentucky, Tennessee, and Alabama to the various Mississippi River crossings, Hickman, Ky., Memphis, Tenn., Greenville, Vicksburg, and Natchez, Miss., Baton Rouge and New Orleans, La. The same tariffs carried increased rates to Gulfport, Miss., and to a

number of junction points in Mississippi and Tennessee. Among the more important of these junction points are Meridian, Jackson, Yazoo City, Columbus, Brookhaven, West Point, Winona, Starkville, Aberdeen, Columbia, Hattiesburg, Ellisville, Laurel, Lumberton, and Tupelo, Miss., Jackson, Martin, Paris, Milan, Gibbs, and Rives, Tenn. Increased rates on coke to points in the Mississippi Valley territory are also proposed.

Protests against these tariffs were filed by the Alabama Coal Operators' Association, the Mississippi Railroad Commission, and by various civic and commercial organizations at New Orleans, Memphis, Jackson, Meridian, and other points. The proposed rates were suspended by the Commission to April 30, 1915, and subsequently until October 30, 1915.

In support of these increases the carriers urge, in general, the immediate necessity of revision and correction of their rates on coal to all the depressed rate points in the Mississippi Valley, except in those instances in which rates are depressed by the actual competition met. The present rates to nearly all of these points are lower than those to intermediate points, and the carriers can not assert the right to continue rates to the river points or junction points which are lower than competition requires while continuing higher rates to intermediate points. All of the applications for relief from the provisions of the fourth section of the act with regard to these coal rates have been heard and their disposition awaits the decision of this case. Should it be here found that the present rates to most of these depressed rate points are reasonable and the proposed increases are not justified because resulting in unreasonable rates, these applications, in the main, must be denied. In other words, if the lower rates now in effect to depressed rate points are reasonable *per se*, we can not authorize the maintenance of higher rates to intermediate points.

We shall discuss separately the facts shown with respect to the rates to the several Mississippi River crossings.

NEW ORLEANS, LA.

This is the largest city in the south, situated near the mouth of the Mississippi River, and supplied with coal from various sources. It is an important market for coal, consuming on land more than 1,000,000 tons, and supplying to ships in the harbor some 850,000 tons each year. The river coal which comes down the Mississippi River from Pittsburgh, Pa., or Kentucky to New Orleans is divided about as follows:

	Tons.
Pittsburgh Coal Company.....	650,000
Monongahela Coal Company (western Kentucky coal).....	200,000
West Kentucky Coal Company (western Kentucky coal).....	150,000

85 1 C. C.

This tonnage is distributed about as follows:

	Tons.
Domestic use in New Orleans proper.....	10,000
Harbor use.....	650,000
Texas & Pacific Railway Company fuel.....	225,000
Shipped west of New Orleans.....	125,000

Some 20,000 to 30,000 tons of Alabama coal has come to New Orleans, down the Warrior and Alabama rivers in barges, thence via the Gulf of Mexico and Lake Borgne Canal. The mines served by the different railroads in Alabama are divided into groups, and the rate from nearly all of these groups to New Orleans is at present \$1.25 per ton. There are, however, a few of these groups from which the rates to New Orleans are 5 and 10 cents higher than that just named. Except as otherwise noted, rates are stated herein in dollars and cents per net ton.

The following table represents the rate situation:

To New Orleans, La., from—	Rates.
Southern Railway groups 1, 2, 3, 4, 5, and 11 in Alabama....	\$1. 25
Southern Railway group 12 in Alabama.....	1. 30
Southern Railway group 13 in Alabama.....	1. 35
Illinois Central mines at Brilliant, Ala.....	1. 25
Mobile & Ohio mines in Alabama.....	1. 25
Louisville & Nashville mines in Alabama.....	1. 25
Frisco mines in Alabama.....	1. 25
Illinois and Kentucky mines.....	1. 50

The suspended schedules propose to increase the rates to New Orleans 15 cents. The Louisville & Nashville Railroad, one of the principal carriers of coal to New Orleans, transported to that point during the calendar year 1914, 465,619 tons from Alabama mines. It may be fairly concluded from the testimony that very nearly all of the rail-borne coal consumed in New Orleans proper comes from Alabama mines and has been transported under a rate of \$1.25, which the suspended tariffs would increase to \$1.40.

No increase is proposed in the rail rate applicable to bunker coal, and, in the judgment of the traffic officers of the railroads, any increase in this rate would divert from the railroads the small part of the bunker coal that they now haul. This judgment was supported by the testimony of a witness on behalf of the New Orleans interests. Some difference of opinion is expressed as to how the rate on bunker coal should be published in order to insure its application only to the coal which eventually goes into the bunkers of ships. One carrier proposed to publish the same rate on all coal, but to provide in the tariff for an absorption of 15 cents per ton on all coal sold to ships in harbor for bunker purposes. Other carriers proposed to publish the \$1.25 rate applicable to bunker coal.

One of the witnesses on behalf of the New Orleans interests contended that the publication of the \$1.40 rate on coal for city use

and the \$1.25 rate on coal for harbor use would result in discrimination against users of coal in New Orleans. Although in former years the river-borne coal practically occupied the field for consumption both on land and in the harbor, the coal used on land now nearly all comes by rail, while approximately 80 per cent of the coal for harbor use comes via the river. It is clear that it costs much more than 15 cents per ton to deliver coal from the cars into the bunkers of ships. It probably costs from 35 to 50 cents per ton. It may be that the rail lines can not haul any considerable quantity of bunker coal to New Orleans at a rate higher than \$1.25, for they now haul at that rate less than one-fourth of the bunker coal. It may be that they can retain the land business at a rate higher than \$1.25, for at that rate they have taken practically all of the land business away from the water lines. They must, however, choose that rate on coal to New Orleans which they deem to be to their best interests. They may not make rates dependent upon the use to which the commodity is to be put. *In the Matter of Restricted Rates*, 20 I. C. C., 426; *Interstate Commerce Commission v. Balt. & Ohio R. R.*, 225 U. S., 326. There is no more justification for a lower rate on coal used for fuel on the boats than there would be on coal for use on the railroads. The rate to New Orleans on coal moving beyond in transportation may, of course, be less than that on coal having destination at New Orleans. But, having named a rate to New Orleans, the carrier may not concern itself as to the use that is made of the coal.

The establishment of the \$1.40 rate to New Orleans may result in turning some of the land business back to the river lines. Even should the increase in this rate result in less coal being hauled by the rail lines, we should not on that account restrain the carriers from increasing the rate if the increased rate is reasonable. The present rate of \$1.25 from Alabama was established in 1901. Prior to that time the rate had been from \$1.60 to \$2. The total movement of coal from all sources to New Orleans at that time was about 1,500,000 tons, of which about 1,000,000 tons came by the river and 300,000 tons from Alabama by rail to Greenville, thence via barge to New Orleans at a rate of \$1.20. The total all-rail movement was only about 200,000 tons, of which the Louisville & Nashville handled 75,000 tons. The route via Greenville had been in operation for about one year prior to 1901. The establishment of this rate via Greenville and the movement via that route probably formed something of an object lesson to the railroads as to what rate would be effective in enabling them to secure a greater proportion of this business. In establishing the rate of \$1.25 to New Orleans the Louisville & Nashville made it applicable to intermediate points, for the reason, as stated by its witness, that the fuel used

at the intermediate points was largely wood, which was convenient and cheap, and the railroad thus sought to displace in part the use of wood. All of the other rail lines serving New Orleans under this rate, although some of them are shorter than the Louisville & Nashville, carry higher rates to intermediate points.

It is clear that the present rate on coal from Alabama to New Orleans was established to meet the actual forceful water competition then and still existing. The suspended rate of \$1.40 must be condemned or justified upon the testimony furnished as to its reasonableness. The rates from Illinois and Kentucky were established to meet the competition of river coal and the competition of the various carriers serving the Alabama mines. The present rate is \$1.50 and the proposed rate is \$1.65. The average distances to New Orleans via the several lines from the various producing points in Alabama are here shown:

	Miles.
Southern Railway groups 1, 2, 3, 4, 5, and 11	418
Louisville & Nashville.....	432.4
Alabama Great Southern.....	338
Mobile & Ohio.....	441
Frisco line.....	462
Illinois Central mines at Brilliant, Ala.....	409

The maximum haul is that from the Frisco group 1, of 542 miles, and the minimum haul is from Alabama Great Southern group 2, 327 miles. The average haul via the routes used of all the Alabama coal on which the rate of \$1.40 is proposed is approximately 393 miles; that from the Illinois fields is 640 miles; and that from the Kentucky fields, 649 miles. Taking the average haul from Alabama as 393 miles, and from Kentucky and Illinois as 645 miles, the rates of \$1.40 and \$1.65 are compared with many other rates in other parts of the country as follows:

Rates prescribed by the railroad commissions of southern and other states.

State.	Railroad.	Distance.	Rate.
		Miles.	Cents.
Georgia commission.....	Western of Alabama.....	390	290
Iorida commission.....	Atlantic Coast Line; Seaboard Air Line.....	390	287
North Carolina.....	.....	370	196
Virginia.....	Norfolk & Western.....	390	235
Mississippi.....	Mobile & Ohio.....	270	230
Arkansas:			
On slack.....	.....	390	245
On other than slack.....	.....	390	270
Kansas:			
On slack.....	.....	390	200
On other than slack.....	.....	390	220
Illinois, class A roads.....	.....	390	159
Missouri.....	.....	390	215
Nebraska.....	.....	390	226
Oklahoma.....	.....	390	226
Texas:			
On slack.....	.....	390	212
On other than slack.....	.....	390	223

As examples of rates to competitive points, the following are cited:

	Miles.	Rate.
From Southern Railway group 1 in Alabama to—		
Atlanta.....	161	\$1.20
Augusta, Ga.....	333	1.95
Americus, Ga.....	267	1.75
Brunswick, Ga.....	431	1.85
Savannah, Ga.....	468	1.85
Jacksonville, Fla.....	493	1.90
Macon, Ga.....	247	1.65
La Grange, Ga.....	233	1.26
Charleston, S. C.....	471	2.10
From Thurmond, W. Va., on the Chesapeake & Ohio, to—		
Norfolk, Va.....	430	1.50
Richmond, Va.....	346	1.50
Lynchburg, Va.....	194	1.50
Staunton, Va.....	171	1.40
Waynesboro, Va.....	183	1.40
Charlottesville, Va.....	210	1.40
From Pocahontas, Va., on the Norfolk & Western, to—		
Hagerstown, Md.....	357	1.50
Charles Town, W. Va.....	328	1.50
Norfolk, Va.....	376	1.50
Lynchburg, Va.....	171	1.50
Suffolk, Va.....	352	1.50
From Clearfield, Pa., to—		
Buffalo, N. Y.....	280	1.53
Harrisburg, Pa.....	158	1.17
Philadelphia, Pa.....	260	1.44
Jersey City, N. J.....	343	1.66
Trenton, N. J.....	284	1.57
Newark, N. J.....	285	1.66
Reading, Pa.....	211	1.35
Baltimore, Md.....	242	1.44
Washington, D. C.....	194	1.44
Albany, N. Y.....	394	1.71
From Fairmont, W. Va., on the Baltimore & Ohio, to—		
Indianapolis, Ind.....	399	1.55
Ft. Wayne, Ind.....	336	1.60
Chicago, Ill.....	526	1.90
Terre Haute, Ind.....	430	1.90
Lansing, Mich.....	440	1.80
Detroit, Mich.....	390	1.40

Many decisions of the Commission are cited showing the establishment of rates on coal for distances of from 100 to 500 miles, among which are the following:

From—	To—	Miles.	Rates.
Jewett, Kans.....	Kansas City, Mo.....	95	\$0.70
Mineral, Kans.....	Freeman, Mo.....	140	.80
Castroville, Iowa.....	Albany, Mo.....	120	1.00
Carbon Hill, Ala.....	New Albany, Miss.....	113	.95
Kenova fields.....	Rardon, Ohio.....	157	1.00
Panama, Ill.....	Burlington, Iowa.....	180	1.00
Do.....	Fort Madison, Iowa.....	198	1.00
Do.....	Keokuk, Iowa.....	221	1.00
Illinois Central west Kentucky mines.....	Nashville, Tenn.....	108.5	.80
Nashville, Chattanooga & St. Louis mines.....	.....do.....	140	.80
Pittsburgh district.....	Youngstown district.....	100	.70
Carbon Hill mines, Ala.....	Memphis, Tenn.....	191	1.10
Illinois Central Railroad mines.....	.....do.....	272	1.10
East St. Louis, Ill.....	Omaha, Nebr.....	413	2.00
Clearfield district, Pa.....	South Amboy, N. J.....	345	1.395
Herrin, Ill.....	Grenada, Miss.....	329	1.60
Pocahontas district.....	Winston-Salem.....	255	2.10

A large number of rates on coal that have been established or approved by the Commission to points in western states are cited that are not fairly comparable with rates from the Alabama mines to New Orleans. Among the rates cited, however, there are many that seem

to be fair comparisons, which indicate that the proposed rate of \$1.40 from Alabama mines to New Orleans is not relatively unreasonable.

Witnesses on behalf of New Orleans urged that business conditions in New Orleans are generally depressed on account of the war in Europe and the consequent lack of a market for cotton, lumber, and other articles ordinarily exported or transshipped from that city; that the time is not opportune for an increase in freight rates, particularly on coal; that by the establishment of the \$1.25 rate from Alabama mines the carriers had offered an inducement to industries to so locate and equip as to depend upon the rail-borne coal, and that to increase the rate at this time is to put upon these industries an increased burden which they are not willing to bear and against which they have no remedy. The testimony of all of these witnesses indicates that they feel they would not be able to supply themselves with coal from the river at any lower rate than that which the rail carriers propose. One witness on behalf of New Orleans shippers urged that the rate of \$1.25 is reasonable as compared with the rates on other traffic. He called attention to car-mile and train-mile earnings on this coal, showing that since the establishment of this rate, by the use of larger cars, heavier engines, and larger trainloads, both have materially increased. The ton-mile earnings on coal to New Orleans are compared with the ton-mile earnings on coal from mines in Illinois and Indiana to Chicago, as follows:

From—	To—	Average distance.	Proposed rate.	Ton-mile earning.
		<i>Miles.</i>		<i>Miles.</i>
Alabama mines.....	New Orleans, La.	393	\$1.40	3.5
Points on Illinois Central Railroad, Decatur to Centralia, inclusive.	Chicago, Ill.	187	.82	4.3
Illinois Central Railroad mines, Lynchfield to Glen Carbon, inclusive.	.....do.....	257	.87	3.4
Illinois Central Railroad mines, Tamarac to Marietta, inclusive.	.....do.....	302	.97	3.2
Illinois Central Railroad mines, Christopher to Murphysboro, inclusive.	.....do.....	339	1.05	3.1

He asserted that the absorption of terminal charges on the part of the coal-carrying lines to Chicago amounts to 19 cents per ton; that the ton-mile earnings on this traffic should be computed by subtracting this 19 cents from the rate and dividing the remainder by the distance; and that the terminal cost at New Orleans is but 4 cents per ton.

Testimony was offered on behalf of the Alabama Coal Operators Association tending to show the depressed condition of the coal business and the weakness of the present market conditions. The total annual production of these mines in Alabama is from 12,000,000 to 17,000,000 tons, of which nearly 1,000,000 tons finds its market in New Orleans. The operators asserted that their sales agents found

great difficulty in disposing of the output of coal; that the mines were running at half capacity or less; that many mines were being kept open simply for the purpose of furnishing a living for their employees; that, although the increase proposed to New Orleans from Alabama was the same as from Illinois and Kentucky, and although, as shown, the Alabama coal dominates the market in New Orleans proper, any increase in this rate would have the effect of diminishing the use of Alabama coal in New Orleans, as the users of coal at that point would undertake to find other sources of supply. They called attention to the testimony on behalf of the carriers to the effect that if the increase in this rate from \$1.25 to \$1.40 should have the effect of depriving the Alabama coal operators of their market in New Orleans and result in New Orleans supplying itself in considerable part with coal from other sources, the roads would give serious consideration to reducing the rate to a point low enough to restore this traffic to the rail lines. Some of the coal operators in Alabama are so located as to be able to reach the Warrior River with their output, and the recent construction of the upper lock of this river has backed the water up to within reach of many mines which previously were not accessible to water transportation. The majority of the mines in Alabama, however, are not able to avail themselves of water transportation, and if transportation on the Alabama and Warrior rivers should develop so as to bring any great amount of this coal to New Orleans by water, the railroads serving the mines not accessible to the water routes would be obliged to reduce their rate or see the mines on their lines shut out of the New Orleans market.

The testimony of the railroad witnesses is that the proposed increase to New Orleans has been made only after careful investigation of the competition from the river-borne coal from Pennsylvania and Kentucky fields, and also of coal from Alabama via the Warrior River. The barges on which coal is brought down the rivers to Mobile are not suitable for use in the Gulf of Mexico. Coal must be unloaded at Mobile from the barges into ocean-going vessels. Some coal has found its way to New Orleans by this route. This competition, however, has not been serious so far as coal for New Orleans is concerned, but it is a strong factor in controlling the rate to Mobile, which it is not proposed to change.

The reasons advanced by the Alabama Coal Operators Association and by the users of coal at New Orleans why this increase should not be permitted at this time might perhaps appeal to the traffic managers of the railroads. Our duty, however, is to determine whether, under all the circumstances, the proposed rates are reasonable or unreasonable. On this question there can be but one conclusion. The proposed rates of \$1.40 from the Alabama mines and of \$1.65 from the Illinois and Kentucky mines can not be considered unreasonable as

figed by comparisons with rates from the same mines to points in Georgia; with rates from the Coal Creek, Tenn., mines to all territory reached by the railroads serving these mines; with rates from the Warfield district in Pennsylvania; or with rates in central freight association territory. Even the rates to Chicago from points in Illinois and Indiana are not materially lower than the proposed rate from Alabama mines to New Orleans, distance considered, and it must be remembered that Chicago is reached by railroads serving many coal mines in Illinois and Indiana and also by water carriers carrying coal from Ohio and Pennsylvania mines. Respondents have justified as reasonable the rates of \$1.40 from the Alabama mines and of \$1.65 from the Illinois and Kentucky mines to New Orleans.

MEMPHIS, TENN.

This city lies on the east bank of the Mississippi River about 400 miles north of New Orleans. It is supplied with coal by rail from mines in Illinois, Kentucky, Tennessee, and Alabama, and with coal which comes down the river in steamboats or barges from Kentucky and Pennsylvania. The consumption of coal at Memphis aggregates over 1,000,000 tons per annum. The rail rate from nearly all of the mines in Illinois, Kentucky, and Alabama to Memphis is \$1.10 per ton. The following are the rates and distances to Memphis from the various coal fields:

From—	Present rate.	Increased suspended rate.	Average distance.
			<i>Miles.</i>
Illinois Central mines:			
Illinois.....	\$1.10	\$1.25	246
Kentucky.....	1.10	1.25	272
Alabama, Brilliant group via St. Louis & San Francisco R. R.....	1.10	1.25	190
Louisville & Nashville, Kentucky mines:			
Henderson division.....	1.10	1.25	283
O. & N. division.....	1.10	1.25	268
Both divisions.....			278
Nashville, Chattanooga & St. Louis mines:			
Tennessee, interstate.....	1.25	1.35	387
All mines.....			368
Southern Railway mines:			
Group 1, via Sheffield.....	1.10	1.25	285
Group 2, via Sheffield.....	1.20	1.35	328
Group 3, via Sheffield.....	1.10	1.25	271
Group 4, via Sheffield.....	1.10	1.25	249
Group 5, via Sheffield.....	1.20	1.35	321
Group 11, via Sheffield.....	1.10	1.25	233
Group 12, via Sheffield.....	1.10	1.25	280
Group 13, via Sheffield.....	1.10	1.25	197
Kohle & Ohio mines in Alabama.....	1.20	1.35	301
St. Louis & San Francisco mines:			
Group 2.....	1.10	1.25	195
Group 1.....	1.20	1.35	225
Spivey group.....	1.20	1.35	239
Alabama Great Southern mines:			
Group 1, via Frisco.....	1.10	1.25	251
Group 2, via Southern Railway.....	1.20	1.35	322

Miles.

Average distance from Alabama mines to which rate of \$1.25 applies..... 233
 Average distance from Alabama mines to which rate of \$1.35 applies..... 275
 Average distance from Illinois and Kentucky mines to which rate of \$1.25 applies..... 268

From 1888 to 1901 the rates from these \$1.10 groups varied between \$1.10 and \$1.40. In July, 1901, a struggle began between the carriers serving the Alabama mines and those serving the Kentucky and Illinois mines, due to the insistence of the Alabama carriers that the rates from Alabama points to Memphis should be less than from Illinois and Kentucky mines. The lines serving the Kentucky and Illinois fields resisted this policy, and during the course of the resulting rate war the rates reached a minimum level of 45 cents. October 26, 1901, peace was declared, and the rate of \$1.25 was established from all of these fields. This continued in effect until August, 1902, when it was reduced to \$1. This \$1 rate continued in effect through nearly all the period from August, 1902, to April 1, 1911, when it was increased to \$1.10. Neither the rate of \$1 nor the rate of \$1.10 was observed as maximum at intermediate points by any of the lines. Applications were filed protecting these departures from the fourth section. These applications have been heard, and at the hearing the carriers asserted that they did not consider that the rate of \$1.10 is necessitated by the competition now existing, but that they did consider that the competition necessitates a rate not exceeding \$1.25.

The suspended tariffs have the effect of correcting all fourth section departures in the rates to Memphis via the Frisco, which is the shortest line from the Alabama fields reaching Memphis over its own road. The suspended rates also have the effect of decreasing the discrimination against intermediate points via all lines. It is alleged that the rate of \$1 established in 1902 was the result of an exaggerated estimate of the probable effect of the effort on the part of oil producers in the territory west of Memphis to market oil in Memphis for fuel purposes. This fear lasted but a short time, but, as stated, the rate was continued for eight or nine years.

Protestants allude to the long standing existence of the \$1 rate as tending to show that it was satisfactory to the carriers and must have been considered fairly remunerative. In this instance the fact that the rate to Memphis was reduced to a level far below the measure of rates to intermediate points indicated either a desire to meet a competition at Memphis, actual or imaginary, or to unduly prefer shippers at that point. However that may be, we said in *Scrap Iron Rates between Duluth, Chicago, etc.*, 28 I. C. C., 467, 470:

The extent to which the carrier shall lower its rate to meet anticipated competition is a matter primarily for its decision, and should it later raise the rate the sole question for our determination is whether that increased rate is just and reasonable for the service performed, and not whether the carrier should be compelled to keep its rates on a probable unremunerative basis upon which it voluntarily put itself to meet special conditions.

The rates on coal to Memphis or New Orleans maintained under the stress of competition that existed at those points is of no controlling weight in determining what is a reasonable rate to such points, in the face of the fact that these rates have been materially lower than the rates to other points in the same territory at equal or less distances from the mines.

In 1885 the Louisville & Nashville Railroad Company established a coal agency at Memphis, which was maintained for about 17 years, for the purpose of promoting the sale of Kentucky coal in Memphis. Coal was purchased from the operators in Kentucky at the lowest available price and was sold at Memphis in competition with the coal brought down the river. The cost at the mine and the agency and selling expenses were deducted from the gross receipts for the coal sold, and the remainder constituted the compensation received by the railroad for transporting the coal. This compensation averaged, through all the 17 years, \$1.259 per ton. It thus appears that a rate of \$1.25 uniformly maintained would have fairly met the water competition existing during that period.

The question now before us is not, however, whether the rate of \$1.25 is low enough to hold to these rail lines all the coal traffic they now have, but whether or not the proposed rates are reasonable. We have seen that the nearest mines from which the \$1.25 rate is proposed are in Frisco group 2, 195 miles, and the farthest in Southern Railway group 1, 285 miles. The average distance from all these mines in Alabama is 233 miles; that from the mines in Illinois and Kentucky, 268 miles. The distances from the nearest three groups of mines are: From Southern Railway group 12, 197 miles; from Illinois Central mines at Brilliant, 199 miles; from Frisco group 2, 195 miles. It might fairly be said that from these three important mine groups the rate should be no higher than is reasonable, all circumstances considered, for 200 miles. Rates for 200 miles in this southern territory and in other states are as follows:

Georgia scale, Western Ry. of Alabama.....	\$1. 70
Florida scale, A. C. L.; S. A. L.....	2. 17
North Carolina scale.....	1. 41
Virginia scale, Chesapeake & Ohio Ry.....	2. 05
Virginia scale, Norfolk & Western Ry.....	1. 90
Mississippi scale, Mobile & Ohio R. R.....	2. 00
Alabama scale:	
Lump coal.....	1. 70
Slack coal.....	1. 45
Kansas scale.....	1. 60
Illinois scale:	
Class A lines.....	1. 10
Class B lines.....	1. 15
Missouri scale.....	1. 50

Nebraska scale.....	\$1. 57
Oklahoma scale.....	1. 54
Texas scale:	
Lump coal.....	1. 45
Slack coal.....	1. 30

Many examples of rates to cities in this and other territories are cited, among which are the following:

From—	To—	Via—	Miles.	Rate.
Belspring, Va.....	Lynchburg, Va.....	N. & W.....	100	\$1. 25
Pocahontas, W. Va.....	Roanoke, Va.....	N. & W.....	111	1. 30
Conemaugh, Pa.....	Rochester, Pa.....	Pa.....	105	1. 25
Caryville, Tenn.....	Spartanburg, S. C.....	Southern Ry.....	237	1. 05
Thacker, W. Va.....	Christianburg, Va.....	C. & O.....	102	1. 40
Pocahontas, W. Va.....	Lynchburg, Va.....	N. & W.....	104	1. 50
Southern Ry., group 3 in Ala- bama.....	Americus, Ga.....	Southern Ry.....	240	1. 75
Birmingham, Ala.....	Atlanta, Ga.....	do.....	161	1. 30
Whiteside, Tenn.....	Social Circle, Ga.....	N., C. & St. L.....	200	1. 55
Birmingham, Ala.....	Columbus, Ga.....	C. of Ga.....	157	1. 30
L. & N. group 2.....	Cedartown, Ga.....	.....	145	1. 15
L. & N. group 1.....	Columbus, Ga.....	.....	181	1. 30
Southern Ry. group 1.....	Macon, Ga.....	.....	247	1. 65
Clearfield, Pa.....	Harrisburg, Pa.....	.....	153	1. 30
Do.....	York, Pa.....	.....	185	1. 50

The carriers also rely upon many rates on coal prescribed or approved by the Commission, among which are the following:

From—	To—	Miles.	Rate.
Middlesboro, Ky.....	Bristol, Tenn.....	180	\$1. 25
Coal Creek, Tenn.....	Spartanburg, S. C.....	235	1. 05
Panama, Ill.....	Fort Madison, Iowa.....	198	1. 00
L. & N. west Kentucky mines.....	Nashville, Tenn.....	108½	. 80
N., C. & St. L. west Kentucky mines.....	do.....	140	. 80
Illinois Central west Kentucky mines.....	do.....	167	1. 00
Jellico, Tenn.....	Lebanon, Ky.....	172	1. 30
Big Stone Gap, Va.....	do.....	246	1. 30
Stonega, Va.....	do.....	255	1. 40
L. & N. west Kentucky mines.....	Mount Pleasant, Tenn.....	170	1. 40
Pocahontas district.....	Martinsville, Va.....	195	1. 50
Birmingham, Ala.....	Cordele, Ga.....	263	1. 70

Testimony has been offered showing the expense of assembling the coal at the mines. This assembling cost evidently forms a considerable portion of the cost of the transportation, but it is not clear that it is any more in connection with the mines in Alabama, Illinois, or Kentucky than it is in other coal-mining districts. The mines on the Illinois Central in Alabama are on a disconnected piece of line, and the coal from these mines reaches Memphis via a two-line haul. The Southern Railway group that is nearest to Memphis is reached via the Northern Alabama Railway, also necessitating a two-line haul.

The protestants at Memphis strongly urge that the increase in these rates will be an additional burden upon their industries and that the entire Mississippi Valley, Memphis included, is passing

through a period of acute depression. The rates, however, to much of this Mississippi Valley territory, and to Memphis in particular, are materially lower than the rates to the territory south and east of the Alabama mines. The proposed rates to Memphis are lower than the usual rates for like distances all over the southeastern territory. The carriers have justified the proposed rates to Memphis.

GREENVILLE, MISS.

This place is on the Mississippi River, about 150 miles south of Memphis. The present and proposed rates from Alabama, Illinois, and Kentucky mines to Greenville are as follows:

From—	Present rate.	Proposed rate.
Southern Railway groups 4 and 11.....	\$1.10	\$1.25
Southern Railway group 12.....	1.15	1.30
Southern Railway groups 1, 3, and 13.....	1.20	1.35
Frisco group 1.....		
Alabama Great Southern group 1.....	1.25	1.40
Brilliant mines.....	1.30	1.45
Southern Railway groups 2 and 5.....	1.25	1.40
Illinois and Kentucky mines.....		

Greenville is served by the Illinois Central, the Yazoo & Mississippi Valley, and the Southern Railway in Mississippi. The latter named line serves Greenville from the east and is the short line from the Alabama mines, the nearest of which are approximately 250 miles distant. The proposed rates to Greenville via the Southern Railway will accord with the fourth section. The present rates to Greenville, both from Alabama mines and from the mines in Kentucky and Illinois, are lower than to intermediate points. The distance from the Illinois and Kentucky mines is approximately 400 miles, and the proposed rate is \$1.40. The comparisons offered in support of the increased rates to Memphis strongly support the proposed rates to Greenville as reasonable. The carriers have justified the proposed rates to Greenville.

VICKSBURG, MISS.

This city is on the east bank of the Mississippi River, and is served by the Illinois Central, the Yazoo & Mississippi Valley, and the Alabama & Vicksburg railroads. It is approximately 470 miles from the mines in Kentucky and Illinois and from 275 to 300 miles from the Alabama mines. The present rate from most of the Alabama mines is \$1.45 and from the Illinois and Kentucky mines \$1.60. It is proposed to increase these rates to \$1.60 and \$1.75, respectively.

The proposed rates via the direct lines from the Alabama fields to Vicksburg observe the fourth section. The comparisons offered

respecting the reasonableness of the increased rates to Memphis and New Orleans can not be said to justify the proposed rates from the Alabama mines to Vicksburg. The carriers have not sustained the burden of justifying the proposed increased rates to Vicksburg from the Alabama mines. The record, however, does justify the proposed rates from the Illinois and Kentucky mines to Vicksburg.

NATCHEZ, MISS.

This point is on the Mississippi River about 70 miles south of Vicksburg, and is served by the Yazoo & Mississippi Valley and Mississippi Central railroads. It is approximately 550 miles from the Illinois and Kentucky mines and from 325 to 350 miles from the various Alabama mine groups. The present rate to Natchez from the Illinois and Kentucky fields is \$1.60, and from the nearer Alabama fields it is \$1.45. The suspended rates are \$1.75 from the Illinois and Kentucky fields, and \$1.60 from the Alabama fields.

The distance to this point via the various lines over which this traffic moves is approximately 75 miles greater than that to Vicksburg. The record and the comparisons shown justify the proposed rates to Natchez from the Alabama mines and from the mines in Illinois and Kentucky.

BATON ROUGE, LA.

This point lies on the east bank of the Mississippi River 89 miles north of New Orleans. It is served by the Yazoo & Mississippi Valley Railroad and the Louisiana Railway & Navigation Company. The distance from the Alabama mines to Baton Rouge is from 400 to 467 miles, and from the mines in Kentucky and Illinois it is approximately 600 miles. The present rates are \$1.60 from the mines in Alabama, Kentucky, and Illinois. It is proposed to increase these rates to \$1.75. The desire to haul Alabama coal to the junction points in Mississippi has led the Alabama coal-carrying roads to establish rates to these points 15 cents lower than the rates from Illinois and Kentucky. Baton Rouge, however, can not be reached by any direct line from the east without the agency of the Yazoo & Mississippi Valley Railroad, and this line, with the Illinois Central, has always resisted the contention of the Alabama roads that the rates from Alabama should be less than those from the more northerly mines in Illinois and Kentucky. The present and the proposed rates to Baton Rouge are lower than the rates to intermediate points.

Representatives of shipping interests at Baton Rouge appeared at the hearing and objected to the proposed increases. It was contended that Baton Rouge has the same degree of competition for river-borne coal as exists at New Orleans, but this contention does

not appear to be well founded. The various coal companies using the river as a means for transportation maintain agencies for the sale of coal at New Orleans and at Memphis and solicit business much more actively at those points than at Baton Rouge or any other of the several smaller cities along the river. The testimony shows that the rail lines supplied about 75 per cent of the coal consumed at Baton Rouge during the year 1914. It can not be said, therefore, that the rail lines have not heretofore met the competition of the water carriers at Baton Rouge.

Objection is also made to the proposed rates to Baton Rouge upon the ground that no proportional rates are published to that point on coal destined to points west of the Mississippi River, while the proportional rates applicable to New Orleans on coal destined to points west of the river are 15 cents less than the local rates. It is explained that dealers at New Orleans ship coal to New Orleans under the proportional rates and forward it to destinations west of the river wherever a sale may be had. Dealers at Baton Rouge do not have this opportunity. It appears that through rates are published to nearly all the important points in Louisiana west of the river. Protestants at Baton Rouge present a list of small railroads in Louisiana west of the river, and assert that no through rates are published to points on these roads. These roads are scattered about the state and do not serve important points. None of them reaches the river immediately west of Baton Rouge and few are in territory contiguous to Baton Rouge.

It is by no means clear that the publication of proportional rates to Baton Rouge would accomplish anything of value for that point. Neither is it clear on this record that the publication of proportional rates on coal to New Orleans applicable to points west of the river to which no through rates are published and the failure to publish proportional rates to Baton Rouge constitutes unjust discrimination against that point. The carriers have justified the increased rates to Baton Rouge.

GULFPORT, MISS.

This city lies on the Mississippi Sound, 67 miles east of New Orleans. It is a deep-water port and is served by the Louisville & Nashville and the Gulf & Ship Island railroads. This is the only port in Mississippi, and, from the standpoint of rates, has been treated for some years in most respects like New Orleans. The present rate on coal from the Alabama mines to Gulfport is the same as to New Orleans, \$1.25, while the rates from Illinois and Kentucky are \$1.50. It is proposed by most of the lines to make the same increases in these rates that are made to New Orleans; that is to say, to increase the rate on coal for use in the city to \$1.40 from the Alabama mines and \$1.65

from the Illinois and Kentucky mines and to continue the \$1.25 rate on coal from the Alabama mines to be used for bunker purposes. The Louisville & Nashville Railroad proposes to publish the \$1.40 rate to Gulfport both for city and bunker use. Should the other carriers, however, be authorized to publish the \$1.40 rate to Gulfport for city use and the \$1.25 rate for bunker use, the Louisville & Nashville Railroad Company desires the same authority.

The comparisons which have been shown as justifying the increases to New Orleans and Memphis justify the proposed rates of \$1.40 from the Alabama mines and \$1.65 from the Illinois and Kentucky mines to Gulfport. The rates proposed for coal for bunker use are made dependent upon the use to which the coal is to be put and are therefore unlawful.

We have examined with care the record in this case and the justification offered in support of all these proposed increased rates. The carriers have sustained the reasonableness of the increased rates from Illinois and Kentucky except in the following cases: The rates to Bemis, Gibbs, Humboldt, Jackson, McKenzie, Milan, Paris, Union City, Martin, and Rives, Tenn. The rate to all of these points is \$1.20. The suspended rate is \$1.35. These are nearly all junction points of the Illinois Central, Mobile & Ohio, Louisville & Nashville, and Nashville, Chattanooga & St. Louis railroads, northeast of Memphis. They are at varying distances from the mines in Illinois and Kentucky of from 125 to 200 miles. The rates to these points should not be increased to a figure higher than we have authorized to Memphis, namely, \$1.25.

The roads serving the Alabama mines have justified the increased rates from these mines to all points except the following, to which the rates from Southern Railway group 3 mines should not exceed those now stated:

To—	Rate.	To—	Rate.
Aberdeen, Miss.	\$1.00	Jackson, Miss.	\$1.45
Ackerman, Miss.	1.55	Laurel, Miss.	1.45
Columbus, Miss. ....	.90	Middleton, Tenn.	1.25
Ellisville, Miss.	1.45	Newton, Miss.	1.45
Enterprise, Miss.	1.25	Meridian, Miss.	1.20
Grand Junction, Tenn.	1.30	Starkville, Miss.	1.00
Hattiesburg, Miss.	1.50	Vicksburg, Miss.	1.45
Holly Springs, Miss.	1.30	West Point, Miss.	1.00

There is no criticism of the relation of the rates from any of these groups, and the rates last above authorized from group 3 should be applied from the other groups in Alabama now taking the same rates as group 3. The rates from other Alabama groups taking rates higher or lower than the rates from group 3 should be constructed the usual differentials over or under the rates above authorized from group 3.

INCREASED RATES ON COKE.

The general readjustment proposed is to make the rates on coke to points in the Mississippi Valley 25 cents higher than the proposed rates on coal. The present rates are usually the same on coke as on coal. The rates on coke to New Orleans, however, are now 50 cents higher than on coal. No increase is proposed in the rate on coke to New Orleans. By increasing the rates on coal to that point and not increasing the rates on coke, the differential of coke over coal is narrowed from 50 cents to 35 cents. It is asserted that the differential in rates on coke over rates on coal in most parts of the country is from 30 to 50 cents per ton. Coke is said to be of twice the value of coal, and its specific gravity such that the load per car is only about one-half of the average load of coal. The Southern Railway has shown that its average load of coke is from 22 to 25 tons per car, while its average load of coal is nearly 45 tons. While the rates on coke were suspended by reason of the protests in the general petition for the suspension of all the rates, there was no testimony directed against the proposed increased rates on coke. The movement of coke to this territory, except to New Orleans, is small. The Southern Railway has shown that in 1914 its total movement of coke to the Mississippi Valley was 570 cars, of which 564 or 565 moved to New Orleans. The carriers have justified the proposed increased rates on coke.

In order to avoid confusion an order will be entered requiring the cancellation of the suspended schedules, effective on or before October 1, 1915. Respondents may then file, effective October 1, 1915, on not less than five days' notice to the Commission and to the public, new tariffs containing rates not higher than those herein found to be reasonable.

35 I. C. C.

No. 4678.¹
LEBANON COMMERCIAL CLUB
v.
LOUISVILLE & NASHVILLE RAILROAD COMPANY ET AL.
ON REHEARING.

Submitted June 21, 1915. Decided July 22, 1915.

1. Rates from Lebanon, Ky., to Louisville, Ky., applicable on interstate traffic, found to be unreasonable, and reasonable maximum rates for the future prescribed, which are also found to be reasonable from Louisville to Lebanon.
2. Rates between Springfield, Ky., and Louisville, applicable on interstate traffic, found unjustly discriminatory in so far as they exceed the rates prescribed between Lebanon and Louisville.
3. Rates between Lebanon and Springfield and Cincinnati, Ohio, found unreasonable in so far as they exceed the combinations on Louisville.
4. The maintenance of rates between Cincinnati and Junction City, Ky., lower than the rates between Lebanon and Springfield and Cincinnati not found to be unjustly discriminatory against Lebanon or Springfield.
5. Reparation denied.

Frank Lyon for complainants.

Wm. A. Northcutt, William Burger, and J. M. Dewberry for Louisville & Nashville Railroad Company.

REPORT OF THE COMMISSION.

CLARK, Commissioner:

These cases involve the class rates between Lebanon and Springfield, Ky., and Cincinnati, Ohio, and the class rates applicable on interstate traffic between Lebanon and Springfield and Louisville, Ky. By agreement they have been consolidated, and they will be disposed of in one report.

The Lebanon Commercial Club, complainant in Nos. 4678 and 5490, is a voluntary association of merchants and business men organized for the purpose of furthering the interests of shippers and consumers of the city of Lebanon. Complainant in No. 5490 (Sub-No. 1) is T. A. Mattingly, trading under the firm name of the Lebanon Carriage & Implement Company. Complainants in No. 5445 are citizens and mercantile firms of the city of Springfield.

¹ This proceeding also embraces complaints in—No. 5445, Cunningham, Duncan & Company et al. v. Louisville & Nashville Railroad Company; No. 5490, Lebanon Commercial Club v. Same; No. 5490 (Sub-No. 1), Lebanon Carriage & Implement Company v. Same; and Fourth Section Application No. 1952.

The complaints in all but No. 4678 are directed against the Louisville & Nashville Railroad Company only, and allege, in substance, that the rates from Lebanon to Louisville, between Lebanon and Cincinnati, and between Springfield and Louisville and Cincinnati, are unjust and unreasonable and subject Lebanon and Springfield to undue and unreasonable prejudice and disadvantage in that lower rates are maintained to and from other points in central Kentucky from or to Louisville and Cincinnati. Rates are stated herein in cents per 100 pounds.

In our report in No. 4678, 25 I. C. C., 277, in which the rates from Louisville to Lebanon were attacked, we found that the then existing rates, which applied between those points, of:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	45	39	34	31	28	26	26	26	17	12	26	26	34	21	17	13	8

were unreasonable as applied to shipments from Louisville to Lebanon as parts of through interstate rates, and prescribed in lieu thereof, effective March 1, 1913, rates not higher than:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	28	25	22	20	18	15	15	16	13	10	15	15	20	10	12	8	7

Defendants in that case established the rates prescribed, but did not reduce the rates from Lebanon to Louisville. The purpose of the complaint in No. 5490, is, principally, to have the rates from Lebanon to Louisville reduced to the basis of the inbound rates prescribed by us. Springfield seeks both inbound and outbound rates relatively lower than those we prescribed to Lebanon. Rates from or to Cincinnati were not involved in No. 4678.

On March 30, 1915, upon petition by defendant Louisville & Nashville Railroad Company, we reopened No. 4678, and later set it, and also that portion of Fourth Section Application No. 1952 of the Louisville & Nashville Railroad Company et al. which seeks authority to continue lower class rates on interstate traffic to Junction City, Ky., from Louisville, Ky., than are contemporaneously maintained on like traffic to Lebanon, Ky., down for further hearing in connection with Nos. 5445, 5490, and 5490 (Sub-No. 1).

Lebanon, with a population of approximately 3,000 people, is the county seat of Marion county, and a local station on the Lebanon or Knoxville division of the Louisville & Nashville Railroad, 67 miles southeast of Louisville and 28 miles west of Junction City. The class rates from Lebanon to Louisville, which are used as factors in making through rates to interstate destinations beyond, are:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	45	39	34	31	28	26	26	26	17	12	26	26	34	21	17	13	8

The rates from Lebanon to Cincinnati and from Cincinnati to Lebanon via the Louisville & Nashville Railroad are:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate ¹	53	47	39	32	27	23	23	24	19	15	23	27	32	17½	21	16	11
Rate ²	55	47	40	36	32	30	30	30	20	15	30	31	40	29	21	16	11

It will be noted that the rates from Cincinnati to Lebanon are in most instances lower than the rates in the opposite direction. The results from the publication of rates from Cincinnati to Lebanon, after our decision in No. 4678, no higher than the combinations to Louisville.

Springfield, with a population of approximately 1,500 people, is located at the end of a 37-mile branch of the Louisville & Nashville Railroad, which extends from its main line at Bardstown Junction, Ky., a point 22 miles south of Louisville. The distance from Louisville to Springfield is therefore 59 miles, and from Cincinnati to Springfield it is 169 miles. Across the country Springfield is only 11 miles from Lebanon. The rates between Springfield and Louisville and Springfield and Cincinnati are:

Springfield and Louisville.

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	41	35	31	28	26	24	24	24	16	11	24	24	32	24	16	11	11

Springfield and Cincinnati.

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	64	55	48	40	35	32	32	33	25	19	32	33	48	29	24	18	11

The complainants in No. 5490 urge that since the Commission found the inbound rates from Louisville to Lebanon to be unreasonable the rates in the reverse direction are also unreasonable in far as they exceed the rates prescribed by us. It is also urged that the rates between Lebanon and Cincinnati are unreasonable and should not exceed the rates between Junction City and Cincinnati.

Springfield contends that as its distance to Louisville, and also to Cincinnati, is 8 miles less than the distance from Lebanon to those points, its rates should be relatively lower than the rates from or to Lebanon. It also alleges that the maintenance of lower rates from Louisville to Harrodsburg, Lawrenceburg, Burgin, Danville, Lebanon, and Junction City, Ky., than to Springfield constitutes an undue prejudice to Springfield. With the exception of Lebanon and Junction City, none of these points is located on or served by the branch of the Louisville & Nashville, the only defendant in No. 5445, and there is discrimination at those points, except Lebanon and Junction City, the Louisville & Nashville is not responsible therefor.

¹ Southbound.

² Northbound.

The rates attacked, except those to and from Cincinnati, are based upon the Louisville & Nashville's standard mileage scale, which is a maximum scale applicable generally to local points on its line where competitive or other conditions do not warrant lower rates.

The following table shows the distances and rates between various points in central Kentucky, between Cincinnati and central Kentucky points, and from Cincinnati to certain points in Indiana:

	Miles.	1	2	3	4	5	6
Between—							
Louisville and Springfield, Ky.....	59	41	35	31	28	26	24
Louisville and Harrodsburg, Ky.....	84	34	30	26	20	18	17
Louisville and McBrayer, Ky.....	68	28	25	22	20	18	15
Louisville and Bloomfield, Ky.....	57	29	25	22	19	18	17
Louisville and Lexington, Ky.....	94	28	25	21	18	13	10
Louisville and Danville, Ky.....	93	37	33	28	24	21	20
Cincinnati and Springfield, Ky.....	169	64	55	48	40	35	32
Cincinnati and Harrodsburg, Ky.....	116	37	32	28	25	24	22
Cincinnati and Cumberland Falls, Ky.....	180	55	46	43	32	29	26
Cincinnati and Cynthiana, Ky.....	66	27	24	21	15	13	12
Cincinnati and Delaplain, Ky.....	63	26	25	21	15	13	10
Cincinnati and Georgetown, Ky.....	68	26	25	21	15	13	10
Cincinnati and Junction City, Ky ¹	119	40	34	30	24	21	20
From—							
Cincinnati to Altamont, Ind.....	171	33.6	29.4	23.1	15.2	12.1	10
Cincinnati to Adams, Ind.....	68	23.1	21	17.9	12.6	9.5	8.4
Cincinnati to McCoy, Ind.....	59	18.9	16.8	15.8	11	8.4	7.4
Cincinnati to Lafayette, Ind.....	175	33.6	29.4	23.1	15.2	12.1	10
Louisville to North Vernon, Ind.....	56	14.7	14.2	13.1	10.5	8.9	7.9
Louisville to Westport, Ind.....	68	18.9	16.8	15.2	11.5	9.4	8.4
Louisville to Marion, Ind.....	172	33.6	28.8	23.6	15.7	12.6	10.5
Cincinnati to Lebanon, Ky.....	177	53	47	39	32	27	23
Lebanon to Cincinnati, Ohio.....	177	55	47	40	36	32	30
Lebanon to Louisville, Ky.....	67	45	39	34	31	28	26
Louisville to Lebanon, Ky.....	67	28	25	22	20	18	15

	A	B	C	D	E	H	F	N	I	K	L	M
Between—												
Louisville and Springfield, Ky.....	24	24	16	11	24	24	32	8	24	...	16	12
Louisville and Harrodsburg, Ky.....	17	21	16	10	18	20	28	7	10	...	12	8
Louisville and McBrayer, Ky.....	15	16	13	10	15	15	20	7	10	...	12	8
Louisville and Bloomfield, Ky.....	17	17	11	9	17	17	22	6	...	...	11	8
Louisville and Lexington, Ky.....	10	13	10	10	13	15	20	...	10	...	10	7
Louisville and Danville, Ky.....	20	16	16	13	21	22	32	9	10	...	17	12
Cincinnati and Springfield, Ky.....	32	33	23	19	32	33	48	13	29	...	24	18
Cincinnati and Harrodsburg, Ky.....	22	22	14	12	22	23	28	10	22	...	14	12
Cincinnati and Cumberland Falls, Ky.....	20	26	20	17	32	34	38	...	...	9	9	...
Cincinnati and Cynthiana, Ky.....	13	15	12	11	15	18	24	7	12	...	12	8
Cincinnati and Delaplain, Ky.....	10	13	10	10	13	15	20	...	...	6	...	...
Cincinnati and Georgetown, Ky.....	10	13	10	10	13	15	20	6	10	...	10	7
Cincinnati and Junction City, Ky ¹	20	16	18	14	21	28	36	9	10	...	18	12
From—												
Cincinnati to Altamont, Ind.....	...	...	...	...	...	...	...	...	...	...	...	...
Cincinnati to Adams, Ind.....	...	...	...	...	...	...	...	...	...	...	...	...
Cincinnati to McCoy, Ind.....	...	...	...	...	...	...	...	...	...	...	...	...
Cincinnati to Lafayette, Ind.....	...	...	...	...	...	...	...	...	...	...	...	...
Louisville to North Vernon, Ind.....	...	...	...	...	...	...	...	...	...	...	...	...
Louisville to Westport, Ind.....	...	...	...	...	...	...	...	...	...	...	...	...
Louisville to Marion, Ind.....	...	...	...	...	...	...	...	...	...	...	...	...
Cincinnati to Lebanon, Ky.....	23	24	19	15	23	21	32	11	17	...	21	16
Lebanon to Cincinnati, Ohio.....	30	30	20	18	30	31	40	11	29	...	21	16
Lebanon to Louisville, Ky.....	26	26	17	12	26	26	34	8	21	...	17	13
Louisville to Lebanon, Ky.....	15	16	13	10	15	15	20	7	10	...	12	8

¹ Rate and distance via C., N. O. & T. P. Via L. & N. through Louisville the distance is 205 miles, and the rates are 52, 44, 39, 22, 28, 26, 26, 30, 20, 15, 27, 31, 40, 16, 21, 16, 11.

Harrodsburg and McBrayer are local points on the line of the Southern Railway between Louisville and Junction City. Cumberland Falls, Delaplain, Georgetown, and Danville are points on the Cincin-

nati, New Orleans & Texas Pacific Railway. Cynthiana is a point on the Louisville & Nashville Railroad between Cincinnati and Paris, Ky. All of these points, as well as the others shown in the table last given, enjoy lower bases of rates than are accorded to Lebanon or Springfield.



Defendant Louisville & Nashville does not deny that in general rates in central Kentucky are on a basis much lower than the Lebanon and Springfield rates, but asserts that it can not be held responsible for this situation; that it did not create the adjustment existing on its line in this territory but inherited it with the purchase of the Ki

tucky Central Railway and the Louisville, Cincinnati & Lexington Railway, and that the situation as regards other lines has been brought about by competitive conditions. It has presented on the record a history of the different railroads to explain the circumstances under which the rates in central Kentucky have been developed. The accompanying map of this territory shows the names of the present rail lines and of the companies that have been succeeded.

As early as 1873 there were three distinct railroad systems in this part of Kentucky: The Kentucky Central, extending south from Covington through Lexington to Nicholasville; the Louisville, Cincinnati & Lexington, extending from Cincinnati to Louisville, with branches to Lexington and Shelbyville; and the Louisville & Nashville, extending southward from Louisville, with branches to Bardstown and to Lebanon and Junction City. At that time the Louisville, Cincinnati & Lexington and the Louisville & Nashville were of different gauges, necessitating the transfer at Louisville of all freight from Cincinnati destined to southern points. Louisville had direct connections to the south, but Cincinnati was unable to reach this territory except through Louisville. The higher charges from Cincinnati than from Louisville prompted the merchants of the former city to build a direct line to the south as a means of enforcing a rate equality between the two points. The construction of the Cincinnati Southern was therefore undertaken in 1873, and was projected southward from Cincinnati and completed as far as Lexington prior to 1877. The new line reduced the distance from Cincinnati to Lexington about 20 per cent, and for this reason the board of trustees of the city of Cincinnati insisted upon a corresponding reduction in the rates between these points. In order to compete with this new carrier the Kentucky Central was obliged to reduce its rates from Cincinnati to Lexington to the level of the rates established by the Cincinnati Southern. The rates of the Cincinnati Southern to Lexington were maximum rates at intermediate points on that line, and, because of cross-country competition at intermediate points, the Kentucky Central established like rates to opposite stations on its line. This adjustment placed Louisville at a disadvantage as compared with Cincinnati at Lexington and in the surrounding territory, and to overcome this and obtain its share of the traffic the Louisville, Cincinnati & Lexington reduced its rates from Louisville to Lexington, thereby putting Louisville and Cincinnati on an equal rate basis.

In 1877 the Cincinnati Southern was extended south to Somerset, crossing the Louisville & Nashville at Junction City, and at that time the Louisville & Nashville first became involved in this central Kentucky adjustment. As the Cincinnati Southern had been built to secure an equality of rates with Louisville, that road placed in

effect from Cincinnati to Junction City the 48-cent scale of rates that the Louisville & Nashville then maintained from Louisville, which rates were not exceeded at intermediate points. Two years later the Louisville, Cincinnati & Lexington, extending from Cincinnati to Louisville, and the Louisville & Nashville, extending from Louisville through Lebanon to Junction City, published the same rates from Cincinnati to Junction City as were maintained by the Cincinnati Southern between those points. The Cincinnati Southern later reduced the rates to Junction City from a 48-cent scale to a 40-cent scale and held those rates as maxima at intermediate points. The Louisville, Cincinnati & Lexington and the Louisville & Nashville did not then meet the reduced rates from Cincinnati, nor did the latter reduce its rates from Louisville. During this time the Louisville, Cincinnati & Lexington, because of the reduction in its rates to Lexington to meet the competition of the Cincinnati Southern, published a reduced scale of rates on its branch from Anchorage through Shelbyville to Bloomfield.

In 1888 the line of the Louisville Southern Railroad, now a part of the Southern Railway system, was extended from Louisville through Lawrenceburg and Harrodsburg to Burgin. It also reached Lexington. At Burgin it connected with the Cincinnati Southern, and they established joint rates from Louisville to Junction City on the 40-cent scale. The rates of the Louisville & Nashville to that point were still on the 48-cent scale, and when it became known that the Louisville Southern had lower rates in effect the Louisville & Nashville met the situation by publishing from Louisville to Junction City the 40-cent scale.

On November 1, 1881, the Louisville & Nashville acquired the Louisville, Cincinnati & Lexington, including its branches to Lexington, Shelbyville, and Bloomfield, and thereby inherited the rate adjustments brought about in the manner described. Ten years later it acquired the Kentucky Central, which had been extended south from Paris, Ky., to Sinks, Ky., at which point it connected with the Lebanon or Knoxville branch of the Louisville & Nashville.

We have described at some length the origin of the rates from Cincinnati and Louisville to Lexington, Junction City, and other stations, because complainants' contention that the rates under attack are unreasonable and unjustly discriminatory is based principally upon comparisons of rates in this territory. By drawing a line from Louisville through Bloomfield to Junction City on the above map, it appears that the territory above that line enjoys a much lower basis of rates than does the territory immediately below the line, in which Lebanon and Springfield are located.

Defendant asserts that the history of this adjustment was not before us in the record in No. 4678 and argues that the competitive

conditions controlling the rate structure at points on its line in central Kentucky do not exist at Lebanon or Springfield, and that the rates between those points and Louisville may therefore properly exceed the rates for equal distances between points in the competitive territory. It shows that the line of the Southern Railway in Kentucky has never been operated at a profit and urges that it is not fair to measure the reasonableness of the Lebanon and Springfield rates by rates on that line. It further contends that the rates of the Cincinnati Southern, now the Cincinnati, New Orleans & Texas Pacific, have been established and maintained for reasons entirely different and under circumstances substantially dissimilar from those affecting the Lebanon and Springfield rates, and that they are abnormally low when compared with other rates throughout the south.

Defendant introduces various rates from 40 junction points in the states of Louisiana, Alabama, Tennessee, Mississippi, South Carolina, Florida, and Georgia to points approximately the same distance from those junction points as Lebanon and Springfield are from Louisville. A compilation of these shows that their average is higher than the present rates from Lebanon to Louisville, or the present rates between Springfield and Louisville. Certain rates prescribed by the Georgia commission for these same distances and other similar exhibits are also introduced to show that the rates between Louisville and Bloomfield are low. From these exhibits it is argued that the Springfield and Lebanon rates by comparison are reasonable.

On the other hand, complainant urges that it is not fair to use rates throughout the entire south as a basis for determining what are reasonable rates to points approximately 65 miles south of the Ohio River; and contends that the only rates that should be used for comparison are those in Kentucky or those immediately north of the Ohio River.

In No. 4678 we considered that part of the Louisville & Nashville's Fourth Section Application No. 1952, which sought authority to charge lower rates from Louisville to Junction City than to Lebanon and other intermediate points. The rates at that time between Louisville and Junction City were:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	40	34	30	24	21	20	20	24	18	14	21	28	36	10	18	12	9

The Louisville & Nashville urged that since these rates had been established to meet the competition of the Southern Railway and the Cincinnati, New Orleans & Texas Pacific the circumstances and conditions surrounding the rates at Junction City were dissimilar from those existing at Lebanon, and, for that reason, the maintenance of lower rates to Junction City did not result in unjust discrimination against Lebanon, and the fourth section application should

be granted. It appeared, and the situation is the same to-day, that the Louisville & Nashville with a one-line haul for a distance of 95 miles between Louisville and Junction City was not at a disadvantage with the two-line haul of the Southern Railway and the Cincinnati, New Orleans & Texas Pacific for 97 miles. The application was denied, and on rehearing we see no reason for a different conclusion. If the Louisville & Nashville desires to give to shippers at Louisville the same rates to Junction City that the Cincinnati, New Orleans & Texas Pacific gives to shippers at Cincinnati, it can only do so by not exceeding the Junction City rates at intermediate points, as the distance to Junction City from Cincinnati via the Cincinnati, New Orleans & Texas Pacific is 26 miles greater than that of the Louisville & Nashville from Louisville, and the maintenance of higher rates at intermediate Louisville & Nashville points would result in unjust discrimination. The Louisville & Nashville complied with our order by increasing the rates from Louisville to Junction City. The present rates between Louisville and Junction City are:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	49	42	37	33	30	28	28	28	18	14	28	28	36	21	19	14	1

Prior to May 17, 1913, the Louisville & Nashville and the Cincinnati, New Orleans & Texas Pacific charged the same rates from Cincinnati to Junction City. These were on a 40-cent scale, the Louisville & Nashville extending the Louisville-Junction City basis of rates to Cincinnati. These rates appear to have applied through Lebanon and were therefore lower than the rates from Cincinnati to Lebanon. On the above date, however, the Louisville & Nashville increased its rates between Cincinnati and Junction City to the following basis:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	52	44	39	32	28	26	26	30	20	15	27	31	40	16	21	16	1

These rates apply via Louisville, and it will be noted that in most instances they are lower than the rates from Cincinnati to Lebanon, or from Lebanon to Cincinnati, which are:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate ¹	53	47	39	32	27	23	23	24	19	15	23	27	32	17½	21	16	1
Rate ²	55	47	40	36	32	30	30	30	20	15	30	31	40	29	21	16	1

A witness for defendant at the hearing in No. 5490, however, made the following statement:

It (the Louisville & Nashville) canceled its former rates in both directions between Louisville and Junction City, and Cincinnati and Junction City, and established new rates which were not, which are not less than the rates at any intermediate place. Now, the old rates still exist between Junction City and Louisville by way of the Cincinnati Southern and Southern, and between Cincinnati and Junction City by way of the Cincinnati Southern.

¹ Southbound.

² Northbound.

From the rates above stated, taken from the tariffs on file with us, it would appear that this has not been done. These fourth section departures are protected by proper application, which has not been heard. In meeting the competition of the Cincinnati, New Orleans & Texas Pacific at Junction City the Louisville & Nashville is at a disadvantage, as its route from Cincinnati through Louisville and Lebanon to Junction City is 205 miles, as compared with 119 miles via the Cincinnati, New Orleans & Texas Pacific, or approximately 72 per cent longer. The route of the Louisville & Nashville from Cincinnati to Junction City via Richmond, Ky., is 163 miles. For this reason we are of the opinion that the maintenance of rates between Cincinnati and Lebanon or between Cincinnati and Springfield higher than those contemporaneously maintained between Cincinnati and Junction City is not unjustly discriminatory against Lebanon or Springfield. This finding, however, is not to be understood as a decision on the fourth section application which applies to this situation.

From the facts now before us, which were not in the record when our decision in No. 4678 was rendered, we are of the opinion that the rates prescribed by us were too low. It now appears that the adjustment of rates in central Kentucky is the result of competitive conditions which the carriers now operating in that territory have to a certain extent inherited or have been unable to control, and those rates can not fairly be used as the only basis for comparison in determining whether or not rates immediately beyond that territory are reasonable. Since, however, this condition does exist in central Kentucky, we are of the opinion that rates to and from points just without this territory should not be made on an entirely different basis and without any relation to those rates. In other words, if at near-by points these same conditions do not exist the rates to and from those points should be graded up to a basis that will bear a reasonable relationship to the rates to and from points in the so-called low rated territory. Therefore, since Lebanon and Springfield are just outside the zone of this central Kentucky adjustment, we are of the opinion that it is not fair to measure the reasonableness of rates to and from those points by the standard of rates from and to other junction points in the southern states, particularly points in states as far removed as Florida, Georgia, South Carolina, and Louisiana. Further, it does not appear that the circumstances and conditions surrounding those rates are substantially similar to those existing at Lebanon and Springfield.

Upon full consideration of all the facts and circumstances of record, and of the arguments presented by complainants and defendants which we do not deem it necessary to set out in detail, we are of the opinion, and find, that the present class rates from Lebanon to Louisville, applicable as portions of through rates to interstate destina-

tions beyond, are, and for the future will be, unreasonable, in so far as they exceed the following:

Class.....	1	2	3	4	5	6	A	B	C	D	E	H	F	I	L	M	N
Rate.....	35	31	27	24	22	20	20	21	14	10	20	20	26	15	12	10	7

We further find that the above-stated rates will be reasonable maximum rates from Louisville to Lebanon, applicable to interstate shipments.

Coming now to the question of whether or not the Springfield rates are reasonable. Defendant asserts that the branch on which Springfield is located has never been operated at a profit, and that the density of traffic is much lighter on that division than on the Lebanon branch. It appears, however, that merchants at Springfield are in competition in the intervening territory with the merchants of Lebanon, and that they bill certain of their shipments from Louisville to Harrodsburg and other points having lower rates and haul them across the country to Springfield. By this practice they secure freight charges that are lower than the rates now in effect to Springfield. Bloomfield, which is the terminus of a branch line, 57 miles from Louisville and 20 miles across country from Springfield, enjoys a 29-cent scale of rates from and to Louisville. But defendants, as explained, assert that those rates were inherited from the Louisville, Cincinnati & Lexington and are now, to a certain extent, controlled by competition of trucks from Louisville.

We do not think that because Springfield is 8 miles nearer to Louisville it is entitled to lower rates than are accorded to Lebanon, but we are of the opinion, and find, that the maintenance of rates between Springfield and Louisville applicable on interstate traffic that are higher than those contemporaneously maintained between Louisville and Lebanon on interstate traffic is, and for the future will be, unjustly discriminatory against Springfield.

An adjustment of rates to and from Cincinnati, observing for the factor south of Louisville the Louisville-Lebanon rates herein found reasonable as maxima, will establish reasonable rates between that point and Lebanon and Springfield. We are therefore of the opinion, and find, that rates between Lebanon or Springfield and Cincinnati in excess of the combinations on Louisville, after the effective date of our order herein, will be unreasonable.

In No. 5490 (Sub-No. 1) complainant, who is not a member of the Lebanon Commercial Club, asks reparation on certain shipments that moved to Lebanon from points beyond the Ohio River prior to February 13, 1915, on the basis of the rates prescribed by us in No. 4678. Reparation was not asked or awarded in that case, and while it is asked generally in Nos. 5445 and 5490, we are of the opinion that under the circumstances reparation should not be awarded.

Orders in conformity with the views herein expressed will be entered.

No. 6853.¹
IMPERIAL VALLEY OIL & COTTON COMPANY
v.
SOUTHERN PACIFIC COMPANY ET AL.

Submitted December 10, 1914. Decided July 22, 1915.

Rates charged by defendants for the transportation of cottonseed meal and cake in carloads from El Centro, Cal., to Galveston, Tex., for export, and to El Paso, Tex., found to have been unreasonable. Rates established by defendants for the transportation of cottonseed meal and cake in carloads from Calexico, Cal., to Galveston, Tex., for export, found unreasonable. Reasonable rates prescribed for the future and reparation awarded.

R. B. Daniel for complainant.

G. D. Squires for Galveston, Harrisburg & San Antonio Railway Company.

F. H. Wood, C. F. Durbrow, and G. D. Squires for Southern Pacific Company.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

Complainant is a corporation engaged in milling cottonseed at El Centro, Cal. By complaints, filed April 27 and May 26, 1914, as amended, it alleges that defendants' carload rates for the transportation of cottonseed meal, cake, and hulls from El Centro and Calexico, Cal., to El Paso, Tex., and cottonseed meal and cake from the same points to Galveston, Tex., are unreasonable, unduly preferential, and unjustly discriminatory. The establishment of reasonable rates for the future, including rates for mixed carloads of meal and cake, is asked, and reparation on shipments made on and after March 12, 1914.

El Centro and Calexico are situated in the Imperial Valley of California on a branch line of the Southern Pacific 32 and 41 miles, respectively, south from Imperial Junction, Cal., now called Niland, the main-line junction. At El Paso the Southern Pacific connects with the line of the other defendant, the Galveston, Harrisburg & San Antonio, which operates between that point and Galveston. The distance from El Centro to El Paso is 660 miles and from El Paso to Galveston 877 miles, a total distance of 1,537 miles. Calexico is 9 miles more distant than El Centro.

¹ The proceeding also embraces complaint in No. 6853 (Sub. No. 1), *Same v. Same*.

No cottonseed products have moved from Calxico, but the complainant contemplates the erection of a mill at that place. Its mill at El Centro has been in operation for the past three years and the seed therefor is obtained in the Imperial Valley. Cotton has here been grown extensively since 1911, the increased production having been accomplished by irrigation. Prior to February, 1914, complainant had at El Centro 2,000 tons of cottonseed meal which it could not dispose of in California and which was beginning to deteriorate. Seeking a market for this meal, it asked the Southern Pacific for a reduction in the then existing rate to Galveston for export of 86.5 cents. Subsequently, February 24, 1914, the defendants established a rate of 60 cents, minimum 40,000 pounds, from El Centro and Calxico to Galveston, applicable to both export and domestic shipments. Although cottonseed meal and cake are of the same value and generally take the same rate, the complainant failed to ask for a reduction in the rate of \$1.23 then applicable on the latter commodity, and it was not until April 15, 1914, that the item in the tariff was made to include cottonseed cake. In March, 1914, the complainant commenced shipping from El Centro to Galveston and El Paso, and asked the Southern Pacific for a further reduction in the rate on cottonseed meal and cake from El Centro and Calxico to Galveston when for export, and for a reduction in the rates on those commodities from El Centro to El Paso, which were, on cottonseed meal, 60 cents; cottonseed cake, \$1.12.

Complainant also sought a reduction in the rate on cottonseed hulls from El Centro to El Paso, which was \$1.12. On May 15, 1914, after the first complaint herein was filed, defendants established a rate of 40 cents on straight or mixed carloads of cottonseed meal and cake, minimum 40,000 pounds, from El Centro to Galveston for export. July 18, 1914, the Southern Pacific established a like rate and minimum from Calxico and Imperial Junction to El Paso. While El Centro is directly intermediate Calxico to El Paso, and the evident purpose of defendant was to establish the same rate therefrom, this was not done, and the lowest combination was 45 cents; 5 cents, minimum 36,000 pounds, from El Centro to Calxico, and 40 cents, minimum 40,000 pounds, from Calxico to El Paso. These rates are still in effect. No reduction was made in the rate on cottonseed hulls for the reason, as stated by the Southern Pacific, that there had been no movement to warrant it. This defendant expresses willingness to establish a rate of 27½ cents on cottonseed hulls from El Centro to El Paso, provided there is a sufficient movement, but states that this is an abnormally low rate.

During March and April, 1914, complainant shipped from El Centro to Galveston for export 50 carloads of cottonseed meal and cake; from El Centro to El Paso 6 carloads of cottonseed meal.

Complainant says that the charges collected were unreasonable to the extent that to Galveston they exceeded charges that would have accrued upon basis of a rate of 30 cents, and to El Paso at a rate of 25 cents, and that these rates would be reasonable to apply for the future from both El Centro and Calxico on shipments of cottonseed meal and cake in straight or mixed carloads, based on a minimum of 80,000 pounds to Galveston for export and 40,000 pounds to El Paso.

Complainant states that in order to dispose of all of its output of meal and cake it must reach Galveston and El Paso, especially Galveston, for export, as there is not a sufficient market in California; that it meets competition at those points from mills in Texas, Oklahoma, Arkansas, Missouri, and Louisiana, principally Texas, the rates from which are the same as or less than those sought. Complainant shows that cottonseed meal and cake readily load to 80,000 pounds in a 40-foot car, and that the earnings at a rate of 30 cents, based on that weight, would be \$240 per car, or 15.61 cents per car-mile from El Centro to Galveston, the same revenue afforded by the former rate of 60 cents and minimum of 40,000 pounds, and greater than the earnings of \$160 per car derived from the present rate of 40 cents and minimum of 40,000 pounds. Defendants state that this comparison is unfair for the reason that in establishing the minimum of 40,000 pounds it was contemplated that cars would be loaded in excess of the minimum. The average weight of complainant's shipments from El Centro to Galveston in March and April, 1914, above referred to, exceeded 60,000 pounds. The shipments to El Paso in each instance weighed 50,000 pounds. Complainant seeks the continuance of the present minimum of 40,000 pounds on shipments to El Paso for the reason that it can not dispose of large quantities at that place.

Statements of carload rates and minimum weights with car-mile revenues on cottonseed meal and cake from and to various points were introduced by complainant to show that the rates and minimum weights sought would be reasonable. These statements show rates varying from 10.5 cents, minimum 30,000 pounds, for a distance of 635 miles, yielding a per car-mile revenue of 4.96 cents, to 75 cents, minimum 40,000 pounds, for a distance of 3,442 miles, yielding a per car-mile revenue of 8.72 cents. These comparisons are of value, but in the absence of supporting proof of similar transportation conditions and volume of traffic are not conclusive.

Complainant also introduced comparisons of carload rates, both domestic and export, on other commodities applicable over defendants' lines from San Francisco to Galveston, a distance of 2,175 miles, with the rates on cottonseed meal and cake from El Centro to

Galveston. The lowest rate named is 42 cents on tallow, beef oleo, and hog and sheep casings, minimum 30,000 pounds, yielding a per car earning of \$126. The highest rate named is 75 cents on oleo oil, minimum 30,000 pounds, yielding a per car revenue of \$225. The rate of 42 cents on tallow, beef oleo, and hog and sheep casings, as well as various other rates shown in this exhibit, appear to have been influenced by water competition. Complainant shows that the defendants participate in a rate of 30 cents on zinc ore valued at \$20 per ton, or approximately the same value as cottonseed meal and cake, minimum 30,000 pounds, from Nogales, Ariz., to Iola, Kans., a distance of 1,672 miles, which yields a revenue of \$120 per car, or 7.18 cents per car-mile.

In resisting a further reduction in the rates on cottonseed meal and cake defendants state that the present rates are abnormally low. They show that shipments from El Centro and Calexico to points in Texas involve a branch-line haul and a movement of over 600 miles through a desert country in which there is practically no local traffic while the cost of operation is high. Defendants introduced statements of rates on various commodities from El Centro and other California points to Galveston and El Paso, intended to show that the present rates are not unreasonable. These, also, are unsupported by information of the movement thereunder.

Defendants express willingness to refund on all shipments of cottonseed meal and cake that moved from El Centro to Galveston and El Paso prior to April 15, 1914, upon basis of the 60-cent rate.

Complainant contends that 20 cents would be a reasonable rate on cottonseed hulls from El Centro and Calexico to El Paso. Its testimony in support of this is in the main directed to the fact that in disposing of cottonseed hulls at El Paso it has to meet competition from points in Texas, which enjoy a rate of $17\frac{1}{2}$ cents. The present rate from El Centro is the class B rate of \$1.12, and from Calexico the class B rate of \$1.07. There has been no movement of hulls from either El Centro or Calexico. As above shown, the Southern Pacific expresses a willingness to establish a rate of $27\frac{1}{2}$ cents on this commodity, provided there is a sufficient movement. It appears that the rate on cottonseed hulls is generally the same as, or a differential of from $2\frac{1}{2}$ to 5 cents under, the rate on cottonseed meal and cake.

Defendants argue that complainant's disadvantage arises from its location with respect to the markets it desires to reach and the commercial conditions which fix the price of its products at these markets. To some extent this is apparently true, complainant's case being based largely on the fact that while it disposes of some of its products in California practically the only markets at which it

can dispose of its surplus are El Paso and Galveston, and in order to do so it has to meet competition from points in other states, nearer those points, principally from numerous Texas mills, which ship to El Paso and Galveston. It appears that the rates from Texas milling points were either prescribed or influenced by rates prescribed by the Texas Railroad Commission.

Upon consideration of all the facts of record, we find that the charges on complainant's shipments were not unjustly discriminatory or unduly prejudicial, but that they were unreasonable to the extent that they exceeded charges that would have accrued on basis of a rate of 40 cents per 100 pounds, minimum 40,000 pounds, and we find that this will be a reasonable maximum rate to apply for the future on shipments of cottonseed meal and cake in mixed or straight carloads from El Centro and Calexico to Galveston, when for export, and to El Paso. We also find that in so far as complainant has paid freight charges at the rates herein found to have been unreasonable, it has been damaged to the extent of the difference between the charges paid and the charges which would have accrued at the rate herein found reasonable, and that it is entitled to reparation accordingly. Complainant should prepare a statement showing as to each shipment on which reparation is claimed the date of movement, point of origin, point of destination, route, weight, car number and initial, rate applied, charges collected, and the amount of reparation due under the findings herein, which statement should be submitted to the defendants for verification. Upon receipt of a statement so prepared by complainant and verified by defendants, we will further consider the matter with a view to the issuing of an order awarding reparation. As above shown, the rate herein found reasonable for the transportation of cottonseed meal and cake in straight or mixed carloads from El Centro to Galveston for export was established May 15, 1914, and from Calexico to El Paso July 18, 1914.

An order will be entered requiring the maintenance of these rates for the future, and requiring the establishment of a carload rate of 40 cents per 100 pounds, minimum 40,000 pounds, on cottonseed meal and cake in straight or mixed carloads from Calexico to Galveston when for export, and from El Centro to El Paso.

There is nothing in the record which would justify an order prescribing as a maximum the rate of 20 cents sought by complainant for the transportation of cottonseed hulls from El Centro to El Paso. The rate of 27½ cents proposed does not appear to be excessive. The Southern Pacific will be expected to establish this rate in accordance with its expressed willingness, and no order with respect thereto will be entered at this time.

An order in accordance with these conclusions will be entered.

No. 4914.

IN THE MATTER OF RATES, PRACTICES, RULES, AND
REGULATIONS GOVERNING THE TRANSPORTATION OF
ANTHRACITE COAL.

Submitted February 1, 1915. Decided July 30, 1915.

Pursuant to an order of June 10, 1912, a general investigation was made of the rates, practices, rules, and regulations governing the transportation of anthracite coal from the Wyoming, Lehigh, and Schuylkill regions in the state of Pennsylvania to tidewater ports and interior points on the lines of the initial anthracite carriers; *Held:*

1. That the rates on anthracite coal, prepared and pea and smaller sizes, in carloads, applicable from producing districts in the Wyoming, Lehigh, and Schuylkill regions in the state of Pennsylvania to tidewater ports and certain eastern interior points are unreasonable, and the rates on anthracite coal, prepared and pea sizes, from said districts to other interior points are unreasonable, and reasonable rates fixed for the future.
2. That the respondents by means of trackage arrangements and the free transportation to junction points in the mining regions of coal exchanged by their allied coal companies, have extended the advantages of interline transportation to their coal companies to the prejudice of other coal shippers to whom interline transportation at joint rates has been denied. Respondents required to establish through routes and publish joint through rates applicable thereto.
3. That anthracite coal is a low-grade commodity which is transported in vast quantities in trains of maximum tonnage. The tonnage loaded in each car is much greater than the loading of most other classes of traffic. Most of the anthracite tonnage is shipped from collieries whose daily production, measured in carloads, is very large. These conditions tend toward lower operating costs.
4. That concessions and offsets granted by respondents to their allied coal companies in the form of interest charges, royalty earnings, the use of valuable property at inadequate rentals, the free use of the carriers' funds and credit, or by other means are as pernicious as direct cash rebates. Such concessions and offsets are unlawful.
5. That lateral allowances paid to a coal shipper in accordance with an agreement, alleged to be additional compensation for the use of a facility furnished by the shipper, are unlawful rebates.

Walker D. Hines, Jackson E. Reynolds, and H. A. Taylor for Philadelphia & Reading Railway Company; Central Railroad Company of New Jersey; Delaware & Hudson Company; Delaware, Lackawanna & Western Railroad Company; Erie Railroad Company; New York, Susquehanna & Western Railroad Company; Wilkes-Barre & Eastern Railroad Company; Lehigh Valley Railroad Company; New York, Ontario & Western Railway Company;

Pennsylvania Railroad Company; and Northern Central Railway Company.

Charles Heebner for Philadelphia & Reading Railway Company.

Francis I. Gowen, George Stuart Patterson, and Henry Wolf Bicklé for Pennsylvania Railroad Company and Northern Central Railway Company.

George F. Brownell for Erie Railroad Company; New York, Susquehanna & Western Railroad Company; and Wilkes-Barre & Eastern Railroad Company.

C. L. Andrus for New York, Ontario & Western Railway Company.

Edgar H. Boles for Lehigh Valley Railroad Company.

Walter C. Noyes, James H. Torrey, and H. T. Newcomb for Delaware & Hudson Company.

John L. Seager and Douglas Swift for Delaware, Lackawanna & Western Railroad Company.

Ernest S. Ballard for New York Central lines.

S. S. Perry for New York, New Haven & Hartford Railroad Company; Boston & Maine Railroad; and Maine Central Railroad Company.

William A. Glasgow, jr., and Robert D. Jenks for Plymouth Coal Company.

N. B. Kelly for Chamber of Commerce of Philadelphia.

J. C. Lincoln for Merchants Association of New York.

H. H. Dean for Michigan, Ohio, and Indiana Coal Dealers Association.

C. A. Eastman for Eastman Barber Company.

A. L. Williams for Susquehanna Coal Company.

REPORT OF THE COMMISSION.

McCHORD, Chairman:

Pursuant to an order of June 10, 1912, a general investigation was made of the rates, practices, rules, and regulations governing the transportation of anthracite coal from the Wyoming, Lehigh and Schuylkill regions in the state of Pennsylvania to tidewater ports and interior points on the lines of the initial anthracite carriers; and whether such coal is mined or produced by or under the authority or control of common carriers engaged in the transportation thereof, or whether said common carriers are directly or indirectly interested in the production or sale of the anthracite coal which they transport.

These rates, practices, rules, and regulations have been, since the year 1890, the subject of several formal complaints to this Commission and many informal complaints by shippers of anthracite coal. The Commission's order under date of June 10, 1912, named all

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carriers in official classification territory, but it was found impracticable to extend the present inquiry beyond the financial affairs and operations of the 11 initial anthracite carriers.

Freight rates on many commodities are but an infinitesimal part of the price which the consumer pays for such commodities. On coal the freight rate is a more important factor. Anthracite coal is very largely a fuel for domestic use, and it is a necessity. That reasonable freight rates should be charged for the distribution of the great fuel tonnage herein involved is of vital importance to the producers and of equal concern to the consumers.

The initial anthracite carriers, respondents in this case, are:

The Central Railroad Company of New Jersey.

Philadelphia & Reading Railway Company.

The Delaware, Lackawanna & Western Railroad Company.

Lehigh Valley Railroad Company.

Erie Railroad Company.

Wilkes-Barre & Eastern Railroad Company—New York, Susquehanna & Western Railroad Company.

New York, Ontario & Western Railway Company.

The Pennsylvania Railroad Company.

The Northern Central Railway Company.

The Delaware & Hudson Company.

Excepting the Delaware & Hudson Company and the Northern Central Railway, the railway lines of all these carriers extend to tide-water. The railway lines of the Delaware, Lackawanna & Western Railroad, Lehigh Valley Railroad, Erie Railroad, New York, Ontario & Western Railway, Pennsylvania Railroad, and Northern Central Railway extend to Lake Ontario and Lake Erie ports.

Many of the facts and figures gathered during the investigation have been omitted from this part of the report, but in order that they may not be lost sight of they are included in the appendix, which is made a part of this report.

The railway lines of most of the initial anthracite carriers were constructed into the mining regions long prior to 1890. The Scranton branch of the New York, Ontario & Western was extended into the mining region and completed in July, 1890. The consolidation and construction of a number of the railway lines making up the New York, Susquehanna & Western Railroad occurred during the eighties; its western connection, the Wilkes-Barre & Eastern Railroad, which extends westward from Stroudsburg, Pa., into the mining district (Wyoming region) was completed in 1893.

Anthracite coal is mined in three regions in the state of Pennsylvania—the Wyoming, the Lehigh, and the Schuylkill. Practically the entire source of supply is confined to an area of 496 square miles, having an extreme distance from northeast to southwest of about

100 miles. The tonnage (in tons of 2,240 pounds) of anthracite coal shipped from the three regions was 3,358,899 in the year 1850, 16,182,191 in 1870, 36,615,459 in 1890, 45,107,484 in 1900, and 71,295,716 tons in 1913. The tonnage shipped has practically doubled since the year 1890. This large tonnage is produced from approximately 302 operations, collieries, and washeries in the three regions.

As stated in publications issued in 1911 by the United States Geological Survey—

the increase in the production of anthracite bears an approximate relation to the increase in population. This has been particularly marked during the last two decades, or since the use of anthracite for iron making has practically disappeared.

This increase of consumption is limited, however, by the increasing use of gas as fuel and of central steam-heating plants which burn bituminous coal.

The breakers at the collieries reduce the masses of coal from the mines into the various sizes used for domestic and commercial purposes. Washery operations have in recent years recovered from the culm banks and turned into the channels of trade large quantities (approximately 2,500,000 tons annually) of the smaller sizes of anthracite coal. The first washery was installed in the year 1890. Anthracite coal is sold in the market in eight sizes, the size being determined by the dimensions of the meshes of screens through and over which the coal is passed. The standard screens are of the following dimensions for the sizes indicated:

Size.	Through.	Over.
	Inches square.	Inches square.
Broken or grate.....	4	24
Egg.....	2½	2
Stove.....	2	1½
Chestnut.....	1½	1
Pea.....	1	¾
Buckwheat No. 1.....	¾	¾
Buckwheat No. 2 or rice.....	¾	¾
Buckwheat No. 3 or barley.....	¾	¾

The sizes smaller than pea are a by-product in the preparation of domestic sizes. The sizes larger than pea are designated "prepared sizes" in the carriers' freight tariffs.

The stove and chestnut sizes are in the greatest demand and constitute 40 per cent of the total shipments. They are essentially sizes for domestic use. Egg size is used largely in the furnaces of residences, as is also the pea size, and the latter also is used extensively in kitchen ranges. The smaller sizes come directly into competition with bituminous coal and are used largely in eastern cities in hotels, apartment

houses, and office buildings. The sizes larger than pea size constitute approximately 61 per cent of the total tonnage shipped.

It is apparent that anthracite coal is principally a domestic fuel. Its selling price at tidewater (the wholesale price obtained by the operators) shows a very definite upward trend during recent years, 34 to 49 per cent during the past 13 years, as is here indicated:

Size of coal.	1900, price per long ton.	1913, price per long ton.	Increase.	Per cent of in- crease.
Grate.....	\$3.08	\$4.47	\$1.39	45.13
Egg.....	3.44	5.11	1.67	48.54
Stove.....	3.81	5.11	1.30	34.13
Chestnut.....	3.84	5.35	1.51	39.32
Pea.....	2.45	3.49	1.04	42.45
Buckwheat.....	1.98	2.75	.77	38.88
Small.....	1.34	2.00	.66	49.25

Anthracite coal is consumed in a very broad market, geographically speaking. The latest available tables in government publications showing its distribution are for the year 1905. By assigning the tonnage shipped in 1913 in the same ratios as were computed for the year 1905 the market distribution would be:

	Year 1905.		Year 1913.	
	Long tons.	Per-centage.	Long tons.	Per-centage.
Pennsylvania, New York, and New Jersey.....	41,501,569	67.58	48,181,645	67.58
New England states.....	8,692,504	14.15	10,088,344	14.15
Southern states.....	2,080,088	3.39	2,416,925	3.39
Western states and Pacific coast.....	6,906,057	11.25	8,020,768	11.25
Dominion of Canada and foreign ports.....	2,229,963	3.63	2,598,034	3.63
Total.....	61,410,201	100.00	71,295,716	100.00

Since this fuel is produced by separating the mine output into eight standard sizes, all these sizes must be produced at the same time. In certain months of each year, however, the consumption of domestic sizes is greater than in other months, and the market demands for the steam sizes in some months exceed and in other months are less than the normal production. Therefore, if the collieries operate continuously, some of their product must be stored. In past years, to meet this situation, anthracite was quite extensively stored in the carriers' cars for long periods, for which no demurrage charges were assessed, and some of the carriers constructed large and costly storage plants. These plants were equipped with conveyers, engines, electric machinery, and with structures to cover the coal, and the cost ranged from \$23,000 to \$600,000 each. The carriers also constructed a large number of retail delivery trestles at various points on their lines of

railway. A large number of the storage plants and trestles are, under leases from the carriers, devoted exclusively to the business of the coal companies controlled by the carriers.

These carriers are to a large extent interested in the mining and sale of anthracite coal through their affiliations with or their control of separately incorporated coal companies. Two of the carriers, the Delaware, Lackawanna & Western Railroad and the Delaware & Hudson Company, own coal lands and conduct mining operations.

THE LARGE COAL COMPANIES.

The Lehigh Coal & Navigation Company owns a large portion of the railway lines operated by the Central Railroad Company of New Jersey. Under leases and agreements entered into during the years 1871 to 1883, to remain in effect for 900 years, the Central Railroad of New Jersey operates the railroads so leased, and the navigation company is obligated to ship 75 per cent of its output over the leased railway lines. The navigation company is not controlled by the Central Railroad Company of New Jersey.

The Delaware, Lackawanna & Western Coal Company was organized in 1909. Under an agreement in writing entered into at that time it ships and markets all of the coal mined by the Delaware, Lackawanna & Western Railroad Company. At the time the coal company was organized the Lackawanna Railroad paid an extra dividend of \$13,000,000 to its stockholders, and its stockholders were accorded the privilege of purchasing the \$6,500,000 stock of the Delaware, Lackawanna & Western Coal Company. Most of them availed themselves of that privilege.

The Lehigh Valley Coal Sales Company was organized in 1912 and commenced business on March 1, 1912, and under an agreement in writing it ships and markets all of the coal mined and purchased by the Lehigh Valley Coal Company. The coal sales company issued \$6,060,800 in stock, giving the shareholders of the Lehigh Valley Railroad Company the privilege of purchasing the stock. At the same time the Lehigh Valley Railroad Company paid an extra dividend of \$6,060,800 to its shareholders to provide them with the funds to purchase the stock of the coal sales company.

The Reading Company, a holding company, owns the entire capital stock of the Philadelphia & Reading Railway Company and the Philadelphia & Reading Coal & Iron Company.

With these exceptions, the stocks of the coal companies that ship the largest portion of the total tonnage of anthracite coal shipped over the railway lines of the several initial carriers are owned by the carriers, as is indicated in the following statement:

Coal company.	Owner of stock of coal company.	Par value of stock owned.	Date stock was acquired by owner.
Lehigh & Wilkes-Barre Co.....	C. R. R. Co. of N. J.....	\$8,491,150	1874-188
Philadelphia & Reading Coal & Iron Co.....	Reading Co. ¹	8,000,000	Dec. 1, 188
Hillside Coal & Iron Co.....	Erie R. R. Co.....	1,000,000	Dec. 1, 188
Pennsylvania Coal Co.....	do.....	5,000,000	Mar. 1, 188
Lehigh Valley Coal Co.....	L. V. R. R. Co.....	1,965,000	1875-188
Coxe Bros. & Co., Incorporated.....	do.....	2,910,150	188
Seranton Coal Co.....	N. Y., O. & W. Ry. Co.....	200,000	Feb. 1, 188
Elk Hill Coal & Iron Co.....	do.....	60,000	Mar. 1, 188
Susquehanna Coal Co.....	P. R. R. Co.....	2,138,800	1874-188
Mineral R. R. & Mining Co.....	do.....	100,000	1877-188
Summit Branch Mining Co.....	do.....	25,000	Mar. 1, 188
Mineral R. R. & Mining Co.....	N. C. Ry. Co.....	199,968	1887-188
Hudson Coal Co.....	D. & H. Co.....	2,400,000	1902-188

¹ A holding company.

The carriers own the entire outstanding stock of the coal companies named above with but one exception; the Central Railroad Company of New Jersey owns \$8,491,150 of the \$9,210,000 so issued by the Lehigh & Wilkes-Barre Coal Company.

The tonnage shipped during the month of November, 1912, by coal companies mentioned amounted to a very large proportion of the total tonnage shipped by all shippers over each particular rail system as here shown:

Carrier.	Coal company.	Tons (2,240 lbs.) shipped by affiliated coal company.	Estimated tonnage shipped all railroads.
C. R. R. Co. of N. J.....	Lehigh & Wilkes-Barre Coal Co.....	466,624	Per month of Nov. 1912.
Do.....	Lehigh Coal & Navigation Co.....	236,076	
P. & R. Ry. Co.....	Philadelphia & Reading Coal & Iron Co.....	1,074,443	
D., L. & W. R. R. Co.....	Delaware, Lackawanna & Western Coal Co.....	881,063	
D. & H. Co.....	Hudson Coal Co.....	644,064	
L. V. R. R. Co.....	Lehigh Valley Coal Sales Co.....	930,827	
P. R. R. Co.....	Susquehanna Coal Co.....	555,380	
N. C. Ry. Co.....	Pennsylvania Coal Co.....	465,000	
Erie lines.....	Hillside Coal & Iron Co.....	126,000	
N. Y., O. & W. Ry. Co.....	Seranton Coal Co.....	277,508	

RATES ON ANTHRACITE COAL.

Generally speaking, all the collieries on the lines of any one of the initial carriers in each region are, under the schedules of rates published by the carriers, covered by blanket rates to a particular destination; that is, the several collieries in each region are in one group taking the same rate, although the distance between the collieries in the group may be 50 miles more or less. To the important groups of destinations also the rates via any given line are frequently the same; that is, they are blanketed from all the lines reached by that line. Exceptions to this rule apply principally to local short-haul rates.

Joint rates are in effect via all lines to Chicago, Peoria, Joliet, and East St. Louis, the gateways to points west of official classification territory. The proportion of such joint rates that accrues to the lines east of Buffalo is \$1.75 per ton (2,240 pounds) on all sizes, such proportion being 25 cents per ton lower than the carrier's local rates on prepared sizes to Buffalo. To other points in central freight association territory the rates generally are based on combination of the local rates to and beyond Buffalo; but the Erie publishes rates to points on the line which it operates, extending westward to Marion and Dayton, Ohio, and the Pennsylvania publishes rates to points on its own line and to points on its affiliated lines extending to Chicago and St. Louis. The rates of the Erie and Lehigh Valley to Buffalo on anthracite coal destined for reshipment over Lake Erie are 25 cents per ton higher than their local rates to Buffalo. Joint rates have been established to Montreal, Ottawa, and a few other Canadian points; to other Canadian points the rates are combinations of the rates to and beyond the lake ports.

Through rates to New England points are made via New York City, the Poughkeepsie bridge, and the Albany gateways, and are influenced to a large extent by the rates to tidewater for reshipment, plus the rates beyond the tidewater ports by rail or by water to points in New England.

RATES TO TIDEWATER.

For many years a large number of the independent operators sold their anthracite coal production at the mines to the carriers, or to their allied coal companies, in accordance with the terms of "percentage contracts." Instead of a fixed money price per ton, it was provided in the contracts that the independent operator who so sold and delivered his coal f. o. b. cars at the mines should receive a certain per cent of the average price at which that grade of coal was sold in the tidewater market of New York harbor. These contracts have been considered at length in the decision of the Supreme Court in the *Reading Company* and *Temple Iron Company cases*, 226 U. S., 324.

The percentage of the tidewater selling price paid to the operators on prepared sizes of coal was, in the early years, about 40 per cent. It gradually increased in later years, reaching 50 and 55 per cent in the eighties, 60 per cent in 1892, and 65 per cent on November 1, 1900. The contracts were commonly designated as 60 per cent contracts, 65 per cent contracts, etc. The remaining portion of the selling price of the coal, 40 or 35 per cent in the more recent years, was the freight rate which the carriers charged the individual operators who elected to ship their own coal production

to tidewater. The percentage freight rate was also applied on anthracite coal shipped to Buffalo in the early days. In 1882 the Reading Railroad's rate on anthracite coal to Buffalo was 57 per cent of the selling price at Buffalo.

In July, 1901, several of the carriers took action to establish fixed or flat rates to tidewater. Six of them, the Reading, Lehigh Valley, Jersey Central, Lackawanna, Erie, and Susquehanna & Western, were represented on the board of directors of the Temple Iron Company, which was merely a holding company for the several carriers. *Reading case*, 226 U. S., 350, 351, 354. At a meeting of the board of directors of the Temple Iron Company held in New York City on July 2, 1901, a resolution was adopted appointing a committee to consider the advisability of establishing fixed or flat rates on anthracite coal to tidewater.

The evidence shows that the purposes indicated in that resolution were carried into effect by the appointment of a committee whose membership and action are shown in the following letters:

PENNSYLVANIA COAL CO., HILLSIDE COAL & IRON CO.,
NEW YORK, SUSQUEHANNA & WESTERN COAL CO.,
OFFICE OF PRESIDENT,
21 Cortlandt Street, New York, July 9, 1901.

Mr. C. E. HENDERSON,

General Manager P. & R. C. & I. Co., 143 Liberty Street, New York.

DEAR SIR: Referring to the resolution adopted at the meeting of the Temple Iron Company held in New York on the 2d instant, reading as follows:

"Moved and seconded that Mr. Cumming, Mr. Sayre, Mr. Henderson, Mr. Caldwell, and Mr. Warren be appointed a committee to consider the advisability and expediency of making a 40 per cent rate to outside shippers, or a flat rate, and, if so, what rate."

All parties interested having signified their ability to attend at such time, I beg to confirm the call for a meeting of the above-named committee to be held at this office at 11 a. m. on Wednesday, July 10.

Very respectfully, yours,

G. M. CUMMING, *President.*

PENNSYLVANIA COAL CO., HILLSIDE COAL & IRON CO.,
OFFICE OF THE PRESIDENT,
New York, July 11, 1901.

W. H. SAYRE, *Vice President L. V. Coal Co., New York.*

C. E. HENDERSON, *Second Vice President P. & R. Ry. Co., Philadelphia.*

O. H. WARREN, *Vice President C. R. R. of N. J., New York.*

B. D. CALDWELL, *Traffic Manager D., L. & W. R. R., New York.*

GENTLEMEN: At the meeting held at 21 Cortlandt street, New York, on Wednesday, July 10, 1901, Mr. Baer's letter was read, and after consideration, it was understood that, in the opinion of all present, his first question should be answered in the negative, to wit, that it is not advisable or expedient to make a 40 per cent rate to outside

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shippers. It was the opinion of all present that a flat rate should be made, and the following schedule was considered fair, reasonable, and satisfactory:

	Per gross ton.
Prepared sizes.....	\$1. 60
Pea.....	1. 45
Buckwheat No. 1.....	1. 30
Buckwheat No. 2.....	1. 15
Buckwheat No. 3.....	1. 15

The above rates would apply as a basis from the mines to New York tidewater points and would be subject to the usual differentials.

No action is to be taken looking to the establishment of these rates until further advices have been received from Mr. Henderson.

Very respectfully, yours,

G. M. CUMMING, *Chairman.*

The Commission has endeavored to obtain from the carriers a copy of the letter written by Mr. Baer, referred to in the foregoing letter under date of July 11, 1901, but counsel for the carriers have asserted they were unable to find and produce it. It is clearly shown in a letter written by the general freight agent of the Lehigh Valley Railroad on the date August 2, 1901, to 11 outside shippers or individual shippers of anthracite coal on its line, that the flat basis of rates described in the letter of July 11, 1901, was put into effect by the Lehigh Valley Railroad.

LEHIGH VALLEY RAILROAD COMPANY,
New York, August 2, 1901.

Messrs. AYERS & BROS.,
American Life Building, Philadelphia, Pa.

GENTLEMEN: Taking effect August 1, 1901, the rates on anthracite coal to Perth Amboy, N. J., for reshipment as shown on our Coal Tariff I. C. C. No. D-30 and supplements will be the net rates charged by our company. In other words, no adjustment on percentage basis will be made on and after that date. The rates are as follows:

	Per gross ton.
Prepared sizes.....	\$1. 55
Pea.....	1. 40
Buckwheat.....	1. 25
Buckwheat Nos. 2 and 3.....	1. 10

Yours truly,

GEORGE S. TAYLOR, *General Freight Agent.*

Similar letter sent to Whitney & Kemmerer; W. K. Mason; Peale, Peacock & Kerr; Robinson, Hayden & Co.; W. R. McTurk & Co.; Wm. Nichols & Co.; Madeira, Hill & Co.; Mill Creek Coal Co.; Meeker & Co.; Righter & Marshall.

The rates to the lower ports are 5 cents per ton less than those to the upper ports because of the higher cost of lighterage from the lower ports. Thus the rates to New York City are equalized.

Giving consideration to this 5-cent rate differential and to that portion of Mr. Cumming's letter which reads, "The above rates would
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apply as a basis from the mines to New York tidewater points, and would be subject to the usual differentials," it appears that the flat basis of rates adopted by the committee was established and has continued in effect to date as the published tariff rates on the lines of the several carriers that reach tidewater with the following exceptions:

The Pennsylvania Railroad established rates of \$1.40 per gross ton on prepared sizes, \$1.25 per ton on pea size, and \$1.15 per ton on buckwheat. These rates are lower than the rates of the other carriers. They were established some time prior to the date the other carriers established the flat basis of rates to tidewater, and at a time when the price of coal was lower. As the percentage of the current selling price of the commodity became the tariff rate, the carrier that first established it as the tariff rate now has in effect lower rates than the other carriers who had the advantage of a higher selling price for their basic rate.

The rates of the Delaware, Lackawanna & Western Railroad to tidewater are 2 cents per ton lower than the rates described in Mr. Cumming's letter of July 11. They were established two years later; that is, in 1903. Prior to 1903 there was no published tariff rate to Hoboken via the Lackawanna lines on anthracite coal for transshipment by vessels.

In the *Marian case*, 24 I. C. C., 140, the Commission ordered a reduction in the rates of the Delaware, Lackawanna & Western Railroad from the Taylor district and intermediate points of shipment, and in the *Meeker case*, 21 I. C. C., 129, a reduction of the Lehigh Valley's rates from the Wyoming region.

The rates actually charged by the Lehigh Valley Railroad Company for the transportation of anthracite coal (per ton of 2,240 pounds) from the mines to tidewater, for the month of November in the years named, were:

Year.	Prepared sizes.	Pea.	Buckwheat.
1898.....	\$1.3900	\$1.1225	\$1.1312
1899.....	1.4965	1.1857	1.1695
1900.....	1.55	1.2204	1.2290
1901-1910, inclusive.....	1.55	1.40	\$1.25-1.30

We here have the history of the tidewater anthracite rate structure of these several carriers. The prevailing percentage rates at the time the flat basis of rates was adopted became the tariff rates to tidewater. The definite upward trend of the rates based on a percentage of the selling price is clearly set forth in the Lehigh Valley figures. Rates based on a percentage of the selling price of a commodity whose selling price increased from year to year would naturally

climb to an excessive basis. While the adoption of a flat basis of rates in 1901 and 1903 arrested the progressive increase in the rates, the evidence clearly shows that the percentage rates of which the flat or tariff rates were an adaptation were excessive rates. There is here presented a condition wherein carriers who were also dealers, not in their capacity as carriers but as dealers in the commodity, through the agency of the Temple Iron Company, established rates on anthracite coal for all shippers to tidewater. The Supreme Court in the *Temple Iron Company case*, 226 U. S., 348, recently held that the Temple Iron Company, to whom these carriers in the manner described delegated the power to fix rates, was an agency used by several of these carriers for the unlawful purposes of gaining a monopoly of the sale of anthracite coal in the markets.

THE PERCENTAGE CONTRACTS ESTABLISHED EXCESSIVE RATES

Two of the respondent carriers, the Delaware, Lackawanna & Western Railroad Company and the Delaware & Hudson Company, owned coal-producing lands, conducted mining operations, and sold their coal production in the markets. The other respondent carriers were indirectly engaged in the production and sale of anthracite coal by the means of the coal companies which they owned and controlled. The contracts whereby the carriers or their affiliated coal companies purchased the output of the individual shippers at the mines thus enabled the carriers to obtain control of the coal production of the independent operators and prevent it from being sold in the markets in competition with the output from their own mines or the mines of their subsidiary companies. *Reading case*, 226 U. S., 358. The individual operator had to accept one of two alternatives—he could sell his output to the railroad interests at the mines at the 65 per cent contract price established by these interests, or, if he elected to ship his coal production to market, he must pay the freight rates established by the same interests. It appears that the 35 per cent division of the selling price of the coal constituted an excessive freight rate, and it was fixed at a high basis in order to make it more advantageous to the individual operator to sell his output to the railroad interests at the mines than to ship it to market. We quote the following from the opinion of the Supreme Court in the *Reading case*, 226 U. S., 367, 368:

That per cent of the average price at tidewater retained by the buyer was assumed to cover the freight, waste, and cost of sale. There is evidence tending strongly to show that an independent accepting one of these contracts realized slightly more than he could realize if he had shipped and sold on his own account. This advanced price, therefore, as charged in the bill, constituted a great inducement to draw the independents within the control of the defendants, and makes it highly probable that if not enjoined they will absorb the entire independent output.

Upon this aspect of the case we find ourselves in agreement with Judge Buffington, who concluded a discussion of the evidence by saying (183 Fed. Rep., 474):

"By such perpetual contracts * * * these defendant railroads through their subsidiary coal companies severally made with other collieries these combiners withdrew, and still continue to withdraw, such product, for all time, from competition, either in interstate transportation or sale. To my mind there is no more subtle and effective agency for the gradual, unnoted absorption by interstate carriers of the remaining interstate product than these perpetual contracts."

The evidence in this case conclusively shows that the rates on this commodity were established at an excessive basis, and clearly it was so done for the purpose of eliminating the independent output as a factor of competition in the markets with the railroad interests' output. That the proportion of the proceeds from the sale of this commodity—that is, the 40 or 35 per cent of the selling price which was the foundation of the freight rate—was an unjust and unreasonable exaction by the carriers is indicated in a letter written on November 1, 1906, by the president of the New York, Ontario & Western Railway to President Baer of the Reading, in which he used the following language:

I am convinced that the division of the market price between the producer and transporter, as expressed in tariffs, needs readjustment at once. I use the term "division," because the business since its inception has been conducted on the basis of percentages (i. e., division), and that fact is universally known and has been admitted by both sides in every controversy over rates.

Our present tariff to tidewater looked at from the ton-mile basis alone is relatively low, and I should not feel disposed to reduce it at present, were it not for our relations to our coal companies, and through them, with the 65 per cent contract business.

No company can buy coal on that basis, pay the full tariff rate, and get back out of the coal purchased its cost.

That I know is true of our own coal companies; I know, also, that it is true of the Lehigh Valley, and as no other companies get more for their coal, it must be true of all others, in degree less unfavorable, however, to those who have large line trades.

I believe it can not be denied that, with the exception of the companies most favorably located for economical mining, there is not a fair profit to the large companies if the existing tariff is paid.

The last published statements of the Lehigh Valley and of your own company, the latter showing a gross business of upwards of \$34,000,000, with only an insignificant return on a portion of the capital invested, during one of the most prosperous years in the coal trade, demonstrate that there is an unfairness in the division.

This company, until the Hepburn act took effect, itself purchased, on the 65 per cent basis, all the coal produced on its line, taking as freight the net result of sales.

The coal company owned by the railroad company now sells its own coal and purchases the coal of the other producers, and is charged with the tariff rates. It can not continue to do so and meet its obligations, and I do not propose to swell railroad earnings, while making book assets of uncollectible advances to coal companies to make up deficiencies.

It has been the policy for many years of these carriers to gain a monopoly of the production and sale of anthracite coal. Those whose property they coveted were at their mercy, as they must either

pay the toll in freight rates which these carriers chose to exact or accept the price for their product which the carriers or their coal companies elected to pay. This policy of the carriers is well illustrated in a statement appearing in the report of the Lackawanna Railroad to its stockholders for the year 1900, which we here quote:

The outlook for the future seems most promising. The recent transactions whereby certain important anthracite coal properties have changed ownership or control, concentrates this important industry in fewer hands than ever before and places it on a permanently better basis than hitherto.

These changes, the prices paid for the properties transferred, the strength and conservatism of the interests acquiring same, all would seem to promise future market conditions that amount almost to a guaranty to this company of highly satisfactory results to its stockholders from both its extensive coal properties and its railroad operations.

In 1901, the Reading interests having purchased capital stock of the Central Railroad of New Jersey, paying a premium of \$65 per share on 145,000 shares of the stock, the management of the Reading made the following comment as to the advantages of that purchase:

The acquisition of the control of the Jersey Central is not only of enormous advantage because of the additional facilities given to the system, but through this acquisition the Reading system now owns and controls about 63 per cent of all the unmined anthracite coal in the state of Pennsylvania.

The carriers for many years were allowed a free hand in the institution of freight rates. It is evident that they used that great power not with the view of establishing reasonable freight rates, but with the intent to establish rates on this commodity that were high enough to remove the production of the independent operators from the field of competition with the coal mined by the railroad interests.

In the *Reading case*, *supra*, 358, 359, the Supreme Court held:

The anthracite field was very limited. The means for transportation from the mines to seaboard shipping points were in the hands of the defendant carriers. They, together with their subsidiary companies, controlled about 90 per cent of the coal deposit and about 75 per cent of the annual output. If the remaining output, that of the independent operators along their several lines, could be controlled as to production and sale at tidewater points, there would inevitably result such a dominating control of a necessity of life as to bring the scheme or combination within the condemnation of the statute.

* * * * *

That for a long time many of the independent operators had been selling their output to their great rivals, the defendant carriers and their several coal companies, is true. By means of such sales and deliveries at their own breakers, the sellers avoided freight, waste, and expense of sales through agents, etc. The price they would thereby realize was fixed, and they were not dependent upon a fluctuating market. So long, therefore, as they could sell to their rivals at their breakers to better advantage than they could ship and sell on their own account, the method appealed to them. But obviously, buyer and seller were not upon an equal plane. The former had control of freight rates and car service. The seller must pay the rate

exacted and accept the car service supplied him by the buyer, or appeal to the remedies afforded by the law. If the rate of freight to tidewater was onerous and was imposed upon the coal produced by the defendants and their allied coal producers without discrimination against the coal of the independent shipper, it would nevertheless bear upon the latter oppressively, since the rate paid would find its way into the pocket of the defendants. Therefore, it was that the higher the freight rate, the greater the inducement to sell to the carrier companies. That the conditions were not accepted by the independent producers as satisfactory, is evident. The majority at all times stood out, and those making such agreements, as well as those refusing to do so, maintained an agitation for better freight rates and better prices for those who preferred to sell at their breakers.

We further quote from the court's decision in the same case at page 364.

The persistent effort of the independents to bring into the field competing carrier and coal-producing companies was a menace to the monopoly of transportation from that field to tidewater which the defendants collectively possessed.

UNNECESSARY RAILWAY CONSTRUCTION AND PROJECTED RAILWAY LINES.

As to most classes of traffic the interests of the carrier are promoted by the increase and development of the business of its shippers and by their increasing prosperity. Such conditions and such relations existing between carriers and shippers tend toward the establishment of reasonable rates. But in the anthracite traffic the welfare of the shippers was incompatible with the interests of the carriers in their capacity as dealers. The history of the development of anthracite mining presents a series of persistent but apparently unsuccessful struggles by the individual operators against the conditions imposed by the carriers. In their efforts to overcome the oppressive rates and selling conditions imposed by the carriers the independent operators and shippers did all in their power to promote the construction of additional railway lines. Some of such efforts were unsuccessful, but at the present time eight railway lines extend into the Wyoming region and reach the collieries therein, and seven of those lines extend from the Wyoming region to tidewater. It is apparent that the Wyoming region was already adequately served by railway lines before the extension of the last two lines, the Ontario & Western and the Susquehanna & Western, into that region subsequent to 1890. Under normal conditions, wherein the interests of the carriers and the shippers were not antagonistic, with the construction of additional tracks when needed the region would have been amply served by the six railway lines which were constructed into that region prior to 1890. Under existing conditions the anthracite tonnage is charged with the burden of earning an income on the investments in a large portion of two railway lines which were not required and which surely would not have been constructed had proper conditions existed in the marketing of the commodity.

The resistance of the individual operators to the rates and selling conditions imposed by the carriers is well illustrated by the efforts of the individual operators to cause the construction of additional lines of railway into the Wyoming region. The construction of two of these projected lines, the New York, Wyoming & Western and the Delaware Valley & Kingston, was prevented by the action taken by several of the respondent carriers. Although the existing lines were apparently capable of rendering all the transportation services needed, the onerous conditions imposed by the transportation interests caused the individual operators to seek relief in new railway projects and in trackage arrangements rather than accept the rate and selling conditions extended to them by the respondent carriers, as here shown.

NEW YORK, WYOMING & WESTERN RAILROAD.

In 1898 the New York, Wyoming & Western Railroad was projected as a means of relieving the situation. It was to be a competing line of railway from the Wyoming region to a point on the Delaware River, where connection was to be made with two or more lines extending to shipping points at New York harbor. Large subscriptions of stock were taken, the line in part was surveyed, parts of the right of way were procured, and a large quantity of steel rails was contracted for. Its chief backing came from independent operators, the most important and influential of them being the firm of Simpson & Watkins, which controlled and operated in the Wyoming region eight collieries having an aggregate annual output of more than 1,000,000 tons. Five of the carriers respondents in this case and the Reading Company, using the Temple Iron Company¹ for the purpose,

¹ The five carriers and Reading Company acquired the stock of the Temple Iron Company, a Pennsylvania corporation, and used that corporation to acquire the properties of Simpson & Watkins and thus detach from the projected New York, Wyoming & Western Railroad the powerful support of Simpson & Watkins.

"The capital stock of the Temple Iron Company, aggregating \$240,000, was all secured. That company was then operating a small iron furnace near Reading. Its assets were small, but its charter was a special legislative charter which gave it power to engage in almost any sort of business, and to increase its capital substantially at will. Control of that company having been secured, it was used as the instrument for the purpose intended.

"* * * The financial arrangements seem to have been made through Mr. Baer, who was the president of and a large stockholder in the Temple Company, and Mr. Robert Bacon, of the firm of J. P. Morgan & Company. Shortly stated, it was this: The Temple Company increased its capital stock to \$2,500,000 and issued mortgage bonds aggregating \$3,500,000. Simpson & Watkins agreed to sell to the Temple Company their properties for something near \$5,000,000. They accordingly transferred to the Temple Company the capital shares in the several coal companies, holding the title to their eight collieries, and received in exchange \$2,260,000 in the shares of the Temple Company and \$3,500,000 of its mortgage bonds. By contemporaneous instruments Simpson & Watkins transferred to the Guaranty Trust Company of New York,

purchased the properties of Simpson & Watkins for approximately \$5,000,000. As a result of this purchase the five carriers and Reading Company own \$2,260,000 stock of the Temple Iron Company on which they have received no dividends, and they are guarantors of bonds of the Temple Iron Company to the extent of \$3,500,000. The construction of the New York, Wyoming & Western Railroad was effectually discouraged by this purchase. As a result of the decision (December, 1912) by the Supreme Court in the *Temple Iron Company case*, 226 U. S., 346, the said stockholders of the Temple Iron Company were enjoined from voting their stocks, receiving dividends from, or exercising control over the affairs of, the Temple Iron Company.

DELAWARE VALLEY & KINGSTON RAILROAD.

In 1899 there arose another movement, backed by the individual operators, for a new railway from the mines in the Wyoming region to tidewater. It was promoted principally by the Pennsylvania Coal Company, one of the greatest of the individual operators and shippers. This company controlled a coal-gathering road, the Erie & Wyoming Valley Railroad, which had a capital stock of \$1,500,000, of which

as trustee, this capital stock and \$2,100,000 of the bonds of the Temple Company, and received from the guaranty company \$3,238,396.66 in money and \$1,000,000 in certificates of beneficial interest in the stock of the Temple Company. The guaranty company seems to have been but a medium and was accordingly protected by a contemporaneous contract with the Reading Company and the other carrier defendants by which they severally contracted with the guaranty company to purchase the Temple Company's capital stock in a certain agreed proportion or percentage of the total capital stock, and to guarantee the bonded debt of the Temple Company in the same proportion. A large proportion of the bonds and of the beneficial certificates of interest in stock of the Temple Company was later guaranteed, or underwritten, by a syndicate, including J. P. Morgan, William Rockefeller, the guaranty company, and others.

"Thus, it came about that when this bill was filed the stock of the Temple Company, which, as seen, is a mere holding company for the several defendant carrier companies, was owned by the defendants, and the obligations of that company were guaranteed by them in proportions based on the percentage of the total anthracite tonnage carried annually by each of the defendant carriers, namely: The Reading Company and the Reading Railway Company, being treated as one and the same in this matter, 29.96 per cent; the Lehigh Valley Railroad Company, 22.88 per cent; the Central Railroad of New Jersey, 17.12 per cent; the Delaware, Lackawanna & Western Railroad Company, 19.52 per cent; the Erie Railroad Company, 5.84 per cent; the New York, Susquehanna & Western Railroad Company, 4.86 per cent. At the time this proof was taken the average annual output of the collieries thus acquired was about 1,600,000 tons, and in the last year the output had arisen to 1,950,000 tons. This combination of the defendants through the Temple Iron Company was effective in bringing about the designed result. The New York, Wyoming & Western Railroad Company was successfully strangled, and the monopoly of transportation collectively held by the six defendant carrier companies was maintained." *Temple Iron Co. case*, 226 U. S., 349.

the Pennsylvania Coal Company owned 51 per cent and the Erie Railroad Company 49 per cent. The coal company proposed to extend this road to Lackawaxen, Pa., and to cause the construction from that point of a railway line to Kingston on the Hudson River, following practically the line of the abandoned Delaware & Hudson Canal between those points. To this end the coal company caused to be organized the Delaware Valley & Kingston Railroad Company in November, 1899. The application of the Delaware Valley & Kingston Railroad to the Board of Railroad Commissioners of the State of New York for a certificate that public convenience and necessity required the construction of the railroad was strenuously opposed by the Erie Railroad Company and by the New York, Ontario & Western Railway Company. While this project was being developed J. P. Morgan & Company, on behalf of the Erie Railroad Company, purchased the entire capital stock of the Pennsylvania Coal Company. As a result of this purchase J. P. Morgan & Company delivered to the Erie Railroad the following securities:

Capital stock of—	No. of shares.	Par value.
Pennsylvania Coal Co.....	100,000	\$5,000,000
Erie & Wyoming Valley R. R. Co.....	15,200	760,000
Delaware Valley & Kingston R. R. Co.....	2,500	250,000
Total.....	117,700	6,010,000

In payment for these securities, which had a par value of \$6,010,000, the Erie Railroad Company issued, in March, 1901, to J. P. Morgan & Company, \$5,000,000 of its first preferred stock and \$32,000,000 Erie Railroad Company Pennsylvania collateral 4 per cent coupon gold bonds. The Erie Railroad paid a premium of approximately \$30,000,000 for this property, and it charged the premium to its cost of road. The Erie's income from the Pennsylvania Coal Company has paid the bond interest and sinking fund obligations, so that it has not sustained a loss of income to date as a result of this purchase.

COXE BROTHERS & COMPANY, INCORPORATED.

In the *Meeker case*, 21 I. C. C., 129, it was shown that Coxe Brothers & Company, a corporation which controlled and operated collieries in the Wyoming region, instead of shipping its product at the rates established by the Lehigh Valley transported its own production to tidewater over the tracks of the Lehigh Valley Railroad Company. This coal company, prior to 1905, owned and operated a small lateral railroad, the Delaware, Susquehanna & Schuylkill Railroad, which connected its collieries with the tracks of the Lehigh Valley Railroad Company.

CONDUCT OF THE CARRIERS AND THEIR ALLIED COAL COMPANIES.

The act to regulate commerce imposes on these carriers the obligation to establish and maintain just and reasonable rates, and it prohibits the granting of rebates or concessions from or offsets against the established rates whereby interstate shipments shall by any device be transported at less than the lawfully established rates, or whereby any advantage is given or discrimination is practiced amongst shippers. Although published rates may be collected on the shipments transported, concessions and offsets may be extended by the carriers or the interests who control the carriers to favored shippers. These concessions and offsets are as pernicious as direct rebates, and it matters little whether they are in the form of cash payments, interest charges, royalty earnings, the use of valuable property at inadequate rent, the free use of the carriers' funds or credit, or other insidious means, if they confer concessions and advantages which place certain shippers in a position of preference and advantage over competitors who are also customers of these carriers. Some of the advantages granted to the coal companies that are allied with the carriers are disclosed by the following facts established in this case:

READING COMPANIES.

The evidence shows that prior to the reorganization of the Reading companies in November, 1896, the Philadelphia & Reading Railroad had advanced to the Philadelphia & Reading Coal & Iron Company \$76,154,000. This indebtedness was represented in part by securities given by the coal and iron company amounting to \$8,000,000 in stocks and \$40,000,000 in bonds, and the remainder consisted of unsecured loans and advances. In December, 1896, the books show that Reading Company, the present holding company, became the owner of this debt (stock \$8,000,000, loans \$68,154,000) and the creditor of the coal and iron company. During the period from December, 1896, to October, 1913, the holding company extended to the coal and iron company financial aid and assistance, which increased the indebtedness from time to time, so that in October, 1913, it was \$82,980,000. The coal and iron company has paid no dividends to the holding company on its stock, and it has paid very low rates of interest on the indebtedness. The payments of interest actually made by the coal and iron company to the holding company were \$34,000,000 less than the amount of such interest, computed at 4 per cent, during the period from December 1, 1896, to June 30, 1913.

On the date the holding company acquired this indebtedness, December 1, 1896, it immediately entered the \$76,154,000 in its accounts as an asset and issued its own obligations to the amount of

every dollar of assets it possessed, including the said \$76,154,000. The income of this holding company during recent years has been from \$14,000,000 to \$15,900,000 per annum, and with the exception of the inadequate payments of interest made by the coal and iron company and from \$200,000 to \$300,000 per annum derived from outside sources, this entire income of the holding company has arisen from dividends, interest, and rental payments made to it by the Reading railway lines, and such payments have been at very high rates per annum. This clearly shows the remarkably remunerative character of the rates assessed by the carriers.

The situation here presented is that this shipper, the coal and iron company, ships approximately 10,000,000 tons of anthracite coal annually over the Reading railway lines. Presumably it pays the tariff rates on this product. The carrier and the coal company are but the subsidiary corporate hands of the holding company, so much as the same interests direct and administer the affairs of the three corporations. By the aid of the railway earnings that are paid into its treasury, the holding company furnishes the coal and iron company with its working capital. The holding company also assumes the burden of the interest charges on the capital invested in the properties of the coal and iron company, and the railway earnings enable it to do so. These facts constitute an unlawful discrimination against other shippers who are competitors of the coal and iron company.

The explanation offered by the Reading interests is as follows: Citing the deed of the reorganization managers to the Reading Coal and Iron Company under date of November 18, 1896, they point out that this deed freed and discharged the properties of the coal and iron company from all liability for the indebtedness of \$68,154,000 on the condition that the coal and iron company should become coobligors on the general mortgage bonds of the holding company, that the bonds of the holding company and of the coal and iron company, which were issued to pay this indebtedness year by year to date, are wrong, and that there has been no liability attaching to the coal and iron company since December, 1896, for this \$68,000,000 invested in the coal and iron company property. We will not decide that point because the result would be the same if we concur in that conclusion. The holding company, in December, 1896, issued \$76,154,000 in securities representing for that extent which were invested in the properties of the coal and iron company. The income derived by the holding company from the coal and iron company to the date June 30, 1913, has been \$34,000,000 less than the sum which the holding company has to reimburse itself for the payment of interest charges on this capital invested in the properties of the coal and iron company.

As the holding company has paid regular dividends on its stocks since 1900 and has never received dividends on the stock of the coal and iron company which it owns, it is apparent that \$4,000,000 additional should be added to the \$34,000,000, making \$38,000,000 as the holding company's disbursements in excess of the income it received from the coal and iron company. As practically the entire income of the holding company is derived from railway earnings, the burden of interest charges on capital invested in coal-mining operations is thus lifted from those operations and is cast upon the Reading Railway rates and earnings. The evidence shows that this burden of interest charges arising from investment in coal properties has been borne by the railway lines ever since the year 1879.

Published tariff rates are of no significance to this shipper, the Philadelphia & Reading Coal & Iron Company, under such circumstances. The same executive officials control and administer the affairs of the railway company, the coal and iron company, and the holding company; therefore the coal and iron company receives offsets, against such published rates, in the form of interest charges which are waived by the same parties who are charged with the duty of collecting and retaining the full published tariff rates on all shipments. These facts have been referred to the Department of Justice.

CENTRAL RAILROAD COMPANY OF NEW JERSEY.

The Lehigh Coal & Navigation Company ships approximately 29 per cent of the total tonnage of anthracite coal transported by the Central Railroad of New Jersey. The shipments of the navigation company aggregate approximately 3,500,000 tons annually. Of these shipments, 75 per cent were and now are transported over the railway lines of the Central Railroad of New Jersey. The navigation company owns certain railway lines, the principal of which are those of the Lehigh & Susquehanna Railroad, and these lines form part of the railroad which is operated by the Central Railroad of New Jersey. For the use of these railroad lines the Central Railroad of New Jersey has paid a rent which has fully compensated the navigation company for its investment in them. This compensation has amounted to upward of 10 per cent per annum. In addition to the rent paid, the Central Railroad of New Jersey has transported the shipments of the navigation company at less than its tariff rates. The reductions below the tariff rate ranged from 11 to 23 cents per ton, depending on the destinations to which the shipments were transported and the sizes of the coal shipped. The reductions were effected by the payment of allowances to the shipper termed "lateral allowances." Such allowances amounted to approximately \$450,000 each year. At the time the carrier and the navigation company, in the year 1871 entered

into the lease whereby the carrier assumed the operation of the navigation company's railroad, it was provided in the tenth covenant of that agreement that on coal delivered by the navigation company on sidings at the northern end of the Nesquehoning tunnel for transportation by the carrier, the rates of transportation should not exceed the rates charged at the same time from Penn Haven. The Penn Haven basis of rates on anthracite coal is a lower basis of rates than this carrier has seen fit to publish in its tariffs in recent years. Although for many years the carrier has transported the shipments of the navigation company at the Penn Haven basis of rates, it has elected to publish in tariff form and to file with this Commission a higher basis of rates, and then at the close of each month's business to pay back to the shipper a portion of these established tariff rates.

Reviewing this whole series of transactions they seem merely parts of a plan to publish in tariff form rates which were excessive and which presented a barrier against the successful shipping by the small shipper, the independent operator, and then, by methods which in effect were secret, to reduce those published rates on the shipments of the coal company that had railroad affiliations.

The explanation offered by the Central Railroad of New Jersey is that the lateral allowances have been regarded as a part of the consideration moving from the Jersey Central, as lessee, to the navigation company, as lessor, of the Lehigh & Susquehanna Railroad and branches. This explanation would have much greater weight were it not for the fact that the lease and agreement fully set forth the rent to be paid by the Central Railroad of New Jersey to the navigation company, which was to be one-third of the gross receipts from the traffic or business of the said demised premises; the minimum annual rent to be paid by the lessee was fixed at \$1,414,400 and the maximum annual rent was fixed at \$2,043,000, and a further sum equal to 7 per cent of the expenditures made by the lessor for improvements to the railroad properties. We have before stated that this rent was paid each year, and in recent years it has reached the maximum. As it has fully compensated the navigation company for its investment in the railroad properties, the rent stands separate and distinct from the lateral allowances, which clearly were paid for the purpose of affording a certain low basis of rates to the navigation company.

On the coal shipped by the navigation company through Hauto the shipper performed the gathering service, but on the shipments from Nesquehoning the Central Railroad of New Jersey performed all the transportation services and the shipper performed no gathering or other transportation services. The allowances paid on the coal from Nesquehoning amounted to \$125,000 each year, and were 2 cents per ton higher than the allowances paid on the coal via Hauto. As the

allowances are much greater than the cost of assembling the coal in the mining regions, as indicated by the exhibits computed by the Commission's examiners, it is apparent that the allowances were not paid to compensate the shipper for any transportation services rendered by the shipper, and no such contention has been made by the carrier. The payment of the allowances is an unlawful discrimination against competing shippers who are charged the full tariff rates.

It is true that in the tariffs filed with this Commission reference was made to the fact that the Central Railroad of New Jersey paid a lateral allowance out of the rates to the navigation company in compliance with the tenth covenant of the lease and agreement. The lease and agreement was filed with the Commission, but neither the lease nor the carrier's tariffs gave notice to this Commission, or to shippers who were competitors of the navigation company, of the rates assessed by the carrier on the shipments of anthracite coal it transported for the navigation company. In the case of *Armour Packing Co. v. U. S.*, 209 U. S., 56-81, the Supreme Court held that contract rates can not prevail against the legal, published, and filed rates. It is shown in the record that the accounting officials who were charged with the duty of assessing and collecting these rates obtained their information as to the rates they should apply on the shipments of the navigation company from letters written by the carrier's freight traffic manager. The term "lateral allowance" in the carrier's tariffs was and is misleading, for the reason that the allowances were not paid for the purpose of compensating the shipper for any service or for the use of any instrumentality connected with the transportation of its shipments, as defined in section 15 of the act to regulate commerce. Under these circumstances, even if the amounts of these allowances were published, their payment is the payment of a rebate, and hence unlawful. But, since these allowances were not published, their payment is also clearly unlawful as being a departure from the published tariffs. These facts have been called to the attention of the appropriate department of the government.

DOCKS AND TRESTLES LEASED TO BURNS BROTHERS BY THE CENTRAL RAILROAD OF NEW JERSEY.

In a lease dated June 5, 1910, to run for a period of 10 years, the Central Railroad of New Jersey leased to Burns Brothers, a corporation that sells large quantities of coal in New York City and its surrounding district, four parcels of property in Jersey City, N. J., consisting of the Manhattan yard coal trestle, pier 8, and two retail coal trestles. The Manhattan yard coal trestle is a concrete structure equipped with

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storage bins and inclosed pockets. For its construction—that is, the erection of the structure—the cost to the carrier was \$181,482 in the year 1910. It is very advantageously situated near the carrier's ferry line, so that the trucks of Burns Brothers can take on coal at the Manhattan trestle and by means of the carrier's ferry have convenient facilities for delivering the coal in New York City. Pier 8, which is adjacent to the carrier's passenger terminal in Communipaw, also is situated very advantageously for transferring coal to vessels when destined for delivery in New York harbor. For the use of these properties Burns Brothers pays \$30,000 per annum rent, and for the services required to unload and ship the coal at pier 8 the carrier pays to Burns Brothers 12 cents per ton on all bituminous coal and steam sizes of anthracite coal so handled and 15 cents per ton on all prepared sizes of anthracite coal so handled. The allowances so paid to Burns Brothers amounted to \$31,700 for the year 1911, \$37,200 for the year 1912, and \$30,023 for the year 1913; so it appears that the allowances paid to Burns Brothers exceeded the rent paid for the properties. The lease obligates Burns Brothers to purchase and cause to be transported over the railway lines of the carrier not less than 500,000 tons of coal and coke annually, giving preference on equal terms to coal of the Lehigh & Wilkes-Barre Coal Company, the coal company owned by the carrier.

The cost exhibits filed by the Commission's examiners show that the cost of handling coal over the carrier's Elizabethport and Port Johnston docks is from 3 to 4 cents per ton (2,000 pounds). Although a smaller tonnage is handled at pier 8 than at the Port Johnston docks, it is apparent that the carrier could itself handle this coal over pier 8 for much less than the allowances it pays to Burns Brothers. The allowances paid to Burns Brothers are not published in the carrier's tariffs, and by such payments the carrier is dissipating its revenues for the purpose of giving advantages to the two shippers, the Lehigh & Wilkes-Barre Coal Company and Burns Brothers.

The leasing of pier 8 to Burns Brothers also requires that competitors of this shipper who desire to transship their coal over this pier must pass their shipments under the scrutiny of their competitor, Burns Brothers, which thus gains information concerning shipments made by its competitors, which section 15 of the act to regulate commerce prohibits a carrier from giving to shippers.

PENNSYLVANIA RAILROAD COMPANY—NORTHERN CENTRAL RAILWAY COMPANY.

The Pennsylvania Railroad Company and the Northern Central Railway Company own the entire capital stocks of three corporations engaged in mining anthracite coal, the Susquehanna Coal Company, the Summit Branch Mining Company, and the Mineral Railroad and

Mining Company. The last-mentioned company is not engaged in railroad operations. The Susquehanna Coal Company ships and markets the production of the other two coal companies and supplies them with working capital. In the form of unsecured loans the Pennsylvania Railroad has furnished the Susquehanna Coal Company with working capital, the financial aid so extended amounting to \$6,000,000 at the time of this investigation.

The Northern Central Railway owns extensive coal lands in the Shamokin district. The Manor Real Estate & Trust Company, a corporation owned and financed by the Pennsylvania Railroad Company, also owns extensive coal lands near Shamokin. Both the Northern Central Railway and the real estate company more than 30 years ago leased their coal lands to the Mineral Railroad & Mining Company on condition that the mining company should pay as compensation therefor 28 cents per ton for each ton it should mine and sell from the premises. The mining company has mined and sold large quantities of coal from the premises, but during recent years the carrier and the real estate company have not rendered bills for the royalty earnings and have not collected any sum whatever from the mining company for the coal so taken from the lands. The uncollected royalty earnings which have accrued on the coal so mined and sold by the mining company during the five years up to and including the year 1913 amounted to \$442,424 which accrued to the real estate company, and \$2,286,198 which accrued to the Northern Central Railway. Large amounts of royalty earnings accrued prior to the five years mentioned and were not collected from the mining company. Thus, another case is presented where the carrier may have assessed its published rates, yet substantial offsets in the form of royalty earnings have been granted to the mining company at the expense of the carrier's income, and such offsets so granted constitute an unlawful discrimination against competing shippers. Under such circumstances we can not consider that the carrier's coal companies have in fact paid its published tariff rates on their shipments of coal.

LEHIGH VALLEY RAILROAD COMPANY.

This carrier owns the entire capital stock of the Lehigh Valley Coal Company. During the years 1890 to 1905 the carrier advanced to the coal company large sums of money to be used in the conduct of its business, and \$5,775,000 of such advances, not repaid by the coal company, were charged off by the carrier to its profit and loss and its income accounts. In 1905 the carrier transferred to the coal company securities, representing investments in anthracite coal-mining properties, having a value of \$10,537,000 and accepted in payment therefor certificates of indebtedness on the part of the coal company

to the carrier for the amount. The evidence in this case shows that it was the intention of the carrier that no interest should be paid on the certificates of indebtedness. No interest was paid until the date March 1, 1912, some time subsequent to our decision in the *Meeker case*, in which we condemned the action of this carrier in waiving interest charges on these certificates. Therefore, during those six years the Lehigh Valley Coal Company received a valuable offset against the published rates it paid each year.

DELAWARE & HUDSON COMPANY.

This company, engaged both in mining operations and transportation operations, sells the output of its collieries to the Hudson Coal Company before the coal is passed through the breakers. The Hudson Coal Company is the shipper of this coal. There is considerable evidence indicating that the coal is sold to the Hudson Coal Company at too low a price, thus giving the Hudson Coal Company an advantage. The practice of selling the coal before it is reduced to standard sizes by the breaker operations makes it impossible to compare the purchase price paid by the Hudson Coal Company with standard f. o. b. mine prices, but there is much evidence in the record indicating that this carrier's mining operations are not remunerative, and its transportation and other income must make up the deficit. There is evidence in the record compiled by the Commission's examiners showing definitely that the carrier's mining operations resulted in deficits for the three years ended June 30, 1912. The carrier has submitted evidence tending to show that if a greater period than the three years were considered the mining operations would have shown a large profit. To decide between these conflicting assertions it would be necessary to consider the capital invested in the mining operations, sinking funds, and income, which figures are not available in this record. However, there is in the record a statement by the president of the Delaware & Hudson Company in his letter of February 26, 1908, that the operations of the coal department apparently show little or no profit. The conduct of the carrier's officials, as indicated in the record, points very strongly to the conclusion that shippers could not pay the carrier's tariff rates and conduct their business at a profit. This is indicated in the following letters.

Letter of Coal Freight Agent Grier, of the Lehigh Valley Railroad, to Second Vice President Jarvis, of the Lehigh Valley Railroad, under date of January 22, 1907:

Following up my brief conversation with you yesterday afternoon, Mr. W. J. Mullin, assistant to the second vice president of the Delaware & Hudson Company, told me yesterday in conversation that under instructions from their president they were about

to reduce the rate on prepared sizes anthracite coal to Albany 50 cents per gross ton when going to points on the Boston & Maine Railroad, Boston & Albany Railroad, Rutland Railroad, Central Vermont Railway, and in fact all business moving via the Albany and Mechanicville gateways into New England; also to reduce the rate to Rouses Point 50 cents per gross ton on all business going beyond to points in Canada and northern New England.

* * * * *

The Delaware & Hudson give as an excuse for reducing these rates their desire to allow their coal company more money for the coal at the mines.

Letter of Mr. Grier to Mr. Jarvis under date of September 24, 1907:

We had a meeting to-day, at which were present: Mr. W. J. Mullin, general traffic manager Delaware & Hudson Company; T. B. Koons, freight traffic manager Central Railroad of New Jersey; E. B. Croxley, coal freight agent Philadelphia & Reading Railway; J. G. Searles, general coal freight agent Pennsylvania Railroad; G. A. Bergen, assistant general freight agent Erie Railroad; Dunbar, representing J. C. Anderson, traffic manager New York, Ontario & Western Railway; A. B. Wallace, assistant general freight agent Delaware, Lackawanna & Western Railroad; F. E. Herriman, coal traffic manager New York Central & Hudson River; William T. Grier, coal freight agent Lehigh Valley Railroad.

The meeting was called to discuss the action of the Delaware & Hudson Company in reducing the rates to points on the Rutland Railroad and Central Vermont Railway 20 to 40 cents per ton. Mr. Mullin stated that their action is based upon the advice of their legal department. They are buying coal from independent shippers on basis of \$3.25 per gross ton, and they claim that the present selling price at points on the Rutland Railroad and Central Vermont Railway, less the present established rates which we and all the other anthracite lines have in effect to that territory, yields less than \$3.25 per gross ton at the mines, and it is the contention of the Delaware & Hudson Company law department, their views being based upon their interpretation of the so-called *Chesapeake & Ohio-New Haven case*, decided by the United States Supreme Court February 19, 1906, that under this decision it is illegal for the Delaware & Hudson Company to sell coal at a delivered price and pay a freight rate that yields less than the price that they pay the operators for the coal at the mines. You will remember that this is the principle for which they contended last January, when they threatened to reduce the rate to Albany 50 cents per gross ton.

They propose a further reduction of 20 cents per gross ton to local points on the Boston & Maine Railroad and also to points on the Boston & Maine Railroad competitive with the Boston & Albany Railroad.

The 50-cent reduction was not made, but the last-mentioned reductions were made by the carrier. These letters well illustrate that the smaller shipper could not obtain as much as cost for his coal if he paid the tariff rates which were established, and there have been but slight changes in this carrier's anthracite coal rates since 1907. While under such conditions it may be possible for a company acting in the dual capacity of carrier and dealer to mine or purchase and market the anthracite production, the transportation profits offsetting the losses resulting from purchasing, mining, and selling the coal, it is clear that the shipper who had no transportation affiliations could not compete under such conditions. The maintenance of excessive freight rates on this commodity confiscates the property of the indi-

vidual operator, and by the imposition of excessive freight rates these public agencies have brought under their control the shipping and marketing of the greater portion of the total production of anthracite coal.

NEW YORK, ONTARIO & WESTERN RAILWAY COMPANY.

This carrier owns the entire capital stocks of the Scranton Coal Company and the Elk Hill Coal & Iron Company. The Scranton Coal Company ships its own coal production and that of the other coal company. We have already mentioned that in a letter under date of November 1, 1906, to President Baer, the president of this carrier and its two coal companies stated that "no company can buy coal on the 65 per cent basis, pay the full tariff rate and get back out of the coal purchased its cost." He further stated that the Ontario & Western's coal companies could not continue to do so and meet their obligations. Prior to August, 1906, the coal companies' shipments were transported at less than the carrier's tariff rates. Soon after the effective date of the Hepburn act in August, 1906, the coal companies were required to pay the carrier's established tariff rates, and thereafter they discontinued paying interest charges to the carrier on their second mortgage bonds owned by the carrier. The accrued and unpaid interest to the date June 30, 1912, on the second mortgage bonds amounted to \$837,500. The carrier extends to the coal company upward of 90 days credit in the payment of transportation charges. The carrier offers the explanation that the coal companies did not pay interest charges to the carrier because they are using their available funds to pay off their mortgage bonds. This is merely an assertion that the burden of providing the coal companies with capital and working funds should be borne by the present-day income or the credit of the railway.

THE COMMODITIES CLAUSE.

The natural condition and character of the anthracite coal deposits are such that the mining and the preparation of the coal in suitable sizes for domestic and commercial use require very large amounts of capital. The fluctuation of the market demands for this commodity also requires the investment of considerable capital in large stocks of coal which must be stored if the mines are to be operated continuously and the requirements of consumers promptly supplied. The development of anthracite mining in the state of Pennsylvania in the early days was to a large extent dependent upon the development of transportation. In 1849 the legislature of the state of Pennsylvania authorized a railroad corporation, which was subsequently merged into the Delaware, Lackawanna & Western Railroad,

to purchase and hold a reasonable amount of coal lands not to exceed 1,000 acres. In 1825 the Pennsylvania legislature authorized the Delaware & Hudson Canal Company, which subsequently became the Delaware & Hudson Company, to purchase and hold quantities of lands situated at any place within 10 miles of the waters of Lackawaxen, not exceeding 5,000 acres. Although the number of acres of land which the railroad corporations could acquire was restricted in the early charters, it was enlarged by subsequent acts of the legislature. By purchasing the charter of the Hudson Coal Company in 1901 and taking title to coal lands it purchased subsequent to 1901 in the name of Hudson Coal Company, the Delaware & Hudson Company was enabled to greatly increase its holdings of anthracite coal producing lands.

Section 5 of Article XVII of the constitution of the state of Pennsylvania, adopted in the year 1873, provides as follows:

No incorporated company doing the business of a common carrier shall, directly or indirectly, prosecute or engage in mining or manufacturing articles for transportation over its works; nor shall such company, directly or indirectly, engage in any other business than that of common carriers, or hold or acquire lands, freehold or leasehold, directly or indirectly, except such as shall be necessary for carrying on its business; but any mining or manufacturing company may carry the products of its mines and manufactories on its railroad or canal not exceeding 50 miles in length.

It appears that the stocks of most of the large anthracite coal companies which are owned by the carriers respondents in this case were acquired by those carriers subsequent to the year 1873.

The mining, transportation, and to a considerable extent the selling operations necessary to market this commodity, though in a sense being each conducted under the name of separate corporate entities, are united under one management and control. As to most of these interests the carrier owns the entire capital stock of its allied coal companies. Another form of united control and management of mining, transportation, and selling operations is presented in the case of the Reading companies, the holding company being the owner of the entire capital stocks of the railway company and the coal company. The relations of the controlling carriers and the coal companies have not undergone any substantial changes since the effective date of the commodities clause¹ in the Hepburn act, May 1, 1908, with the exception that the shipping and marketing of the anthracite coal production of the Delaware, Lackawanna & Western

¹ The commodity clause, section 1 of the Hepburn act, 34 Statutes at Large, 585: From and after May first, nineteen hundred and eight, it shall be unlawful for any railroad company to transport from any State, Territory, or the District of Columbia, to any other State, Territory, or the District of Columbia, or to any foreign country, any article or commodity, other than timber and the manufactured products thereof, manufactured, mined, or produced by it, or under its authority, or which it may own in whole or in part, or in which it may have any interest, direct or indirect, except such articles or commodities as may be necessary and intended for its use in the conduct of its business as a common carrier.

Railroad, the Delaware & Hudson Company, and the Lehigh Valley Coal Company are now performed by the Delaware, Lackawanna & Western Coal Company, the Hudson Coal Company, and the Lehigh Valley Coal Sales Company, respectively. These three coal companies assumed their present functions after the decision of the Supreme Court in March, 1909, in the *Commodities cases*, 213 U. S., 366, and the decision of the Supreme Court in the *Lehigh Valley case*, decided April 3, 1911, 220 U. S., 257. The evidence shows that the three coal companies were organized and financed without the interposition of outside interests or capital. The carriers provided them with the property and funds required to establish their shipping and selling business.

DELAWARE, LACKAWANNA & WESTERN RAILROAD COMPANY.

This carrier owns coal lands and conducts mining operations. Prior to August 1, 1909, it sold its own anthracite coal production in the markets. To rearrange its affairs in conformance with the decision of the United States Supreme Court, 213 U. S., 366, the carrier's officials caused to be organized the Delaware, Lackawanna & Western Coal Company. The carrier paid to its stockholders an extra dividend of 50 per cent—that is, \$13,000,000—on its stock, in cash, and its stockholders were given the option to use part of the dividend so paid to purchase the capital stock, \$6,500,000, of the Delaware, Lackawanna & Western Coal Company. Most of them availed themselves of this privilege. Under two contracts entered into between the coal company and the carrier under date of August 2, 1909, the coal company assumed and took over the selling operations which had theretofore been conducted by the carrier.

The carrier leased to the coal company all the retail trestles which it had theretofore used in its selling operations, and also its several coal storage plants. It also leased to the coal company its large lake trestle at Buffalo on Lake Erie, used for reshipping coal via the lakes. The carrier sold to the coal company all of the stocks of coal it then (July 31, 1909) had on hand at Chicago, Milwaukee, Toledo, and other western agencies and at various points on its railway lines. It is apparent from the record that this coal, approximately 630,000 gross tons, was sold by the carrier to the coal company at much less than its true and actual value. A large portion of the coal on hand at line points was sold to the coal company at \$1 per ton of 2,240 pounds, which was less than the freight rate to the point at which it was on hand and was less than the f. o. b. mine selling price. The record also shows that the retail trestles were rented to the coal company at less than their true and actual rental value. An example of this is shown in the Buffalo properties. Five

retail trestles in the city of Buffalo valued at \$185,000 were rented to the coal company for \$48 a year.

The carrier conveyed to the coal company, which it caused to be organized, its established trade, its stocks of coal, its selling facilities, and the good will of its established business at much less than their true and actual value. The use of the properties leased, approximately 170 trestles, at the inadequate rental reserved in the lease has each year constituted a substantial concession to the coal company, an unlawful discrimination against competing shippers, and an offset against the freight rates paid to the carrier by the coal company.

Under the contracts between the carrier and the coal company the coal company is obligated to purchase from the carrier all of the anthracite coal which it sells and to purchase no coal from other sources without the written consent of the carrier, and to conduct the business of selling the coal in such manner as best conserves the interest of and preserves the good will and markets of the coal mined by the carrier. The only property owned by the coal company, excepting current assets, is property and fixtures valued at \$169,070, and its annual sales of coal amount to approximately \$35,000,000. On six months' notice the carrier can discontinue its contractual relations with the coal company and take over the stocks of coal the coal company has on hand.

Under such conditions the coal company is merely a dependency of the carrier, and the conduct of its business is subject to the arbitrary will of the carrier. The large business of the coal company can be terminated at any time the carrier sees fit to serve the prescribed six months notice. The president of the coal company is the carrier's vice president and is the head of the carrier's rate department, which is charged with the duty of establishing rates on anthracite coal shipped by competitors of the Delaware, Lackawanna & Western Coal Company. That the business of the coal company is absolutely dominated by the carrier is well illustrated in the appendix (p. 334), wherein it is shown in detail that although it could have shipped a large portion of its tonnage of anthracite coal to tidewater at the rates established by the Commission in the *Marian case* from the Taylor district, it elected to ship the coal from this district to other points and to ship coal to tidewater at the long established basis of tidewater rates, which were 25 cents a ton higher on the larger sizes of coal than the rates established as a result of our finding in the *Marian case*. If there was a bona fide divorcement of the business of carrier and shipper, it is inconceivable that the shipper would elect to pay the higher rate on the large tonnage of coal it ships to tidewater. Its shipments to tidewater at

the higher rate amounted to 100,000 tons in November and December, 1912.

LEHIGH VALLEY COAL SALES COMPANY.

At a meeting of the board of directors of the Lehigh Valley Railroad Company on January 11, 1912, the carrier's president was directed to inform the directors of the Lehigh Valley Coal Company that the carrier's directors requested that they consider the propriety of organizing a coal sales company. Accordingly the Lehigh Valley Coal Sales Company was organized and incorporated under the laws of the state of New Jersey. Its authorized capital stock was \$10,000,000, of which \$6,060,800, or 122,216 shares, was issued, and the remainder reserved for future needs. The privilege was accorded stockholders of the Lehigh Valley Railroad Company of subscribing to the stock of the coal sales company. The sales company formally commenced business on March 1, 1912. On February 26, 1912, the Lehigh Valley Railroad paid an extra dividend to its stockholders of 10 per cent on preferred stock, which amounted to \$6,060,800, the exact par value of the stock issued by the coal sales company. A contract was entered into between the Lehigh Valley Coal Company and the coal sales company under which the latter accepted at its mines all of the coal production of the Lehigh Valley Coal Company, shipped it, and sold it in the markets. Here again, as in the Lehigh Valley arrangement, the carrier's treasury provided the capital required by the coal-selling company.

DELAWARE & HUDSON COMPANY.

We have hereinbefore considered the limitations in the charter of the Delaware & Hudson Company as to the amount of coal land it could acquire. On March 9, 1901, it purchased the charter of the Hudson Coal Company for \$27,500. At that time the Hudson Coal Company owned no properties, and it was not an active corporation. Immediately thereafter the Delaware & Hudson Company advanced considerable funds to the Hudson Coal Company, which accepted therefor debenture bonds, \$1,500,000, issued by the Hudson Coal Company. In 1902 the Hudson Coal Company issued \$1,500,000 of its 4 per cent bonds which were guaranteed principal and interest by the Delaware & Hudson Company. Immediately after the decision by the Supreme Court in the *Commodities cases*, 213 U. S. 366, in March, 1909, the Delaware & Hudson Company and the Hudson Coal Company entered into a contract whereby, commencing with the date July 1, 1909, the Hudson Coal Company conveyed title at the pit mouth to the coal mined by the Delaware & Hudson Company, and thereafter it was sold in the market by the Hudson Coal Company. Prior to this time the Delaware &

Company had sold its own anthracite production. At the time this change was made there were large sums of money owing to the Delaware & Hudson Company from customers to whom it sold its coal. These unpaid accounts amounted to approximately \$2,400,000. The accounts were transferred to the Hudson Coal Company, and in payment therefor, 18 months later, on February 1, 1911, the coal company issued its capital stock, \$2,400,000, to the Delaware & Hudson Company. No stock was issued by the coal company prior to the date February 1, 1911.

FUEL COAL SOLD AT A LOW PRICE TO A SHIPPER.

How the alliance between the coal company and the carrier can be used to extend favors to large shippers is illustrated by a contract entered into by the Central Railroad Company of New Jersey and other parties under date of May 7, 1898, to remain effective for 20 years; that is, until the date April 30, 1918. This contract was between the Lehigh Coal & Navigation Company (owner of part of the railway lines operated by the Central Railroad Company of New Jersey), the Central Railroad Company of New Jersey, and the Lehigh & Wilkes-Barre Coal Company, parties of the first part, and the Lehigh Zinc & Iron Company and the New Jersey Zinc Company, parties of the second part. Under the conditions of this contract the two coal companies supply the New Jersey Zinc Company, an interstate shipper, with large quantities of fuel coal at much less than its market selling price in recent years.

The parties of the first part were desirous of having the zinc companies' proposed new plant located on the Lehigh & Susquehanna branch of the Central Railroad of New Jersey, and accordingly a contract was entered into between the parties named whereby the two coal companies became obligated to furnish the zinc companies each year with a large quantity of fuel coal, No. 2 buckwheat anthracite, delivered at the zinc companies' plant at Hazard, Pa. (Palmer-ton, Pa.), the selling price being 55 cents per ton on such coal shipped from the Lehigh region and 75 cents per ton on such coal shipped from the Wyoming region. The plant was constructed at Hazard, and in accordance with the contract it is supplied with 200,000 tons of fuel coal annually. The standard selling price of this coal f. o. b. mines ranged from 70 cents to \$1.15 per ton of 2,240 pounds during the year 1911, and from 70 cents to \$1.12 per ton during the year 1912, and the intrastate freight rate to the zinc companies' plant from the mines in the Wyoming region was 75 cents per ton of 2,240 pounds and from the mines in the Lehigh region was 60 cents per ton. The carrier has transported this coal at a rate of 29½ cents per ton. It can be readily observed that under this contract the zinc companies are deriving an advantage of \$1 per ton on 200,000 tons of fuel coal annually.

OWNERSHIP BY CARRIERS OF CAPITAL STOCK OF SHIPPING CORPORATIONS.

The evidence shows that a number of the coal companies whose stocks are owned by the respondent carriers have not paid dividends on their stocks in recent years, and it further shows that some of the carriers have guaranteed the bonds of the coal companies, made unsecured loans to them, and extended financial aid and assistance to them. The evidence also shows that to a very large extent the carriers' directors, officials, and stockholders are directors and officials of the coal companies. The relations of several of these carriers with their allied coal companies are now before the courts for adjudication, and we do not express any opinion as to the legality of the conditions under which this commodity is now being mined, transported, and sold by such interests. Our opinion is directed only to the point as to the effect the enactment of the commodities clause of the law has had toward divorcing the affairs of these carriers from the mining and sale of anthracite coal.

The amendment to the act to regulate commerce commonly known as the commodities clause has not resulted in a bona fide separation of the affairs of these carriers from the mining and selling of anthracite coal. This is well illustrated in the case of the Reading companies, where the holding company is possessed of the power to take the earnings of the railway at will and use them for the purposes of the coal and iron company. Money is taken from the treasury of the railway company by the holding company on account of dividends to be declared later, and the evidence shows that the dividends paid by the railway company are measured by the requirements of the holding company.

In the case of *U. S. v. D. L. & W. R. R. Co.*, decided June 21, 1915, 238 U. S., 516, the Supreme Court held:

The commodity clause of the Hepburn act was intended to prevent railroads from occupying the dual and inconsistent position of public carrier and private shipper; and in order to separate the business of transportation from the business of selling, the statute made it unlawful for railroads to transport in interstate commerce any coal in which the company had any interest, direct or indirect.

A carrier which is also a dealer and is in possession of a public franchise has the opportunity to use its great power as a common carrier to discriminate against certain of its shippers with whom, as a dealer in the commodity, it is a competitor. The temptation to so conduct itself is ever present when the carrier owns any considerable portion of the capital stock of corporations who are competitors of its other shippers, especially when such corporations were organized or were financed by the carrier for the specific purpose of carrying on the business of shipping and selling a commodity which constitutes a large part of the carrier's traffic.

In the case *Coze Brothers v. Lehigh Valley R. R. Co.*, 4 I. C. C., 535, we held:

If railroad companies and those who direct and control their roads were limited to the business of transportation it would take away from both the opportunity to unlawfully prefer themselves as shippers. Disinterested and impartial control is essential to prevent illegal favoritism, and abuse of the privileges with which carriers are invested for the benefit of the public.

The dual and inconsistent position of public carrier and private shipper that would exist where the carrier was miner, transporter, and seller of this commodity now exists, and is effectuated by the relations of the carriers respondent in this case and the several coal companies allied with and controlled by the carriers. Corporate charters and contracts, as used by these carriers, are merely devices whereby the business of mining, transporting, and selling the anthracite coal production of each carrier and its allied coal company are united under one management and directed and controlled by one paramount power.

PRESENT EFFECTIVE RATES ON ANTHRACITE COAL.

Rates to interior points for similar distances both interstate and intrastate are higher than the rates to tidewater. This difference is accentuated in the revenues by the large tonnage of the smaller sizes of anthracite coal transported to tidewater.

The following statements show distances in miles and rates per ton (2,240 pounds) to representative destinations via—

The Delaware, Lackawanna & Western Railroad, the direct line extending eastward from the mining district (Wyoming region) to tidewater and westward to Buffalo, N. Y.

The Delaware & Hudson Company, the direct line extending northward from the mining district (Wyoming region) to Rouses Point, N. Y., with several branches.

The Pennsylvania Railroad and the Northern Central Railway, which operate circuitous routes from the Wyoming and Schuylkill regions to tidewater and to Buffalo, N. Y.

Rates via the Delaware, Lackawanna & Western Railroad from mines.

To—	Miles.	Prepared sizes.	Pea.	Smaller sizes.
EASTBOUND.				
Delaware River to Hoboken.....	67	\$1.00	\$1.45	\$1.30
	147			1.20
Hoboken (tidewater).....	147	1.58	1.43	1.28-1.18
		1.33	1.24	1.09-.98
WESTBOUND.				
Binghamton, N. Y.....	72	1.65	1.50	1.50
Owego, N. Y.....	98	1.65	1.50	1.50
Waverly, N. Y.....	111	1.65	1.50	1.50
Elmira, N. Y.....	129	1.65	1.50	1.50
Corning, N. Y.....	147	1.90	1.65	1.50
Bath, N. Y.....	166	2.00	1.75	1.50
Mount Morris, N. Y.....	213	2.00	1.75	1.75
Buffalo, N. Y.....	276	2.00	1.75	1.75
Cortland, N. Y.....	115	1.75	1.60	1.50
Syracuse, N. Y.....	151	1.90	1.65	1.50
Oswego, N. Y.....	186	1.95	1.70	1.70
Nerwich, N. Y.....	118	1.75	1.60	1.60
Utica, N. Y.....	167	2.00	1.75	1.60

¹ Rates established as a result of the Commission's decision in the case *Marion Coal Co. v. D., L. & W. E. Co.*, 24 I. C. C., 140; 25 I. C. C., 14; 27 I. C. C., 441, from the Taylor district.

Rates via the Delaware & Hudson Company from mines.

To—	Miles.	Prepared sizes.	Poa.	Buckwheat No. 1.	Smaller sizes.
Windsor, N. Y.	73	\$1.65	\$1.40	\$1.30	\$1.25
Nineveh, N. Y.	84	1.65	1.40	1.30	1.25
Sidney, N. Y.	100	1.65	1.45	1.35	1.30
Well's Bridge, N. Y.	109	1.65	1.45	1.35	1.30
Otego, N. Y.	113	1.65	1.45	1.35	1.30
Oneonta, N. Y.	121	1.75	1.50	1.40	1.35
Colliers, N. Y.	127	1.75	1.50	1.40	1.35
Schenevus, N. Y.	136	1.75	1.50	1.40	1.35
Worcester, N. Y.	141	1.75	1.50	1.40	1.35
Cobleskill, N. Y.	158	1.75	1.50	1.40	1.35
Central Bridge, N. Y.	167	1.85	1.60	1.50	1.40
Schenectady, N. Y.	191	1.95	1.60	1.50	1.40
Voorheesville, N. Y.	192	1.95	1.60	1.50	1.40
Albany, N. Y.	206	1.95	1.60	1.50	1.40
Green Island, N. Y.	210	1.95	1.60	1.50	1.40

Rates via the Pennsylvania Railroad and the Northern Central Railway from mines.

From—	To—	Miles.	Prepared sizes.	Poa.	Smaller sizes.
Wyoming region	Trenton, N. J.	255.7	\$1.80	\$1.50	\$1.35
Lehigh region		229.5	1.75	1.45	1.30
Schuylkill region		117.8	1.70	1.40	1.25
Wyoming region	Newark, N. J.	302.1	1.80	1.50	1.30
Lehigh region		275.9	1.75	1.45	1.25
Schuylkill region		164.2	1.75	1.45	1.25
Wyoming region	Jersey City, N. J.	311.1	1.80	1.50	1.30
Lehigh region		284.9	1.75	1.45	1.25
Schuylkill region		173.2	1.75	1.45	1.25
Wyoming region	South Amboy, N. J. (tidewater)	279.1	1.40	1.25	1.15
Lehigh region		262.3	1.40	1.25	1.15
Schuylkill region		149.6	1.40	1.25	1.15
Wyoming region	Wilmington, Del.	226.2	1.90	1.60	1.45
Lehigh region		200.0	1.90	1.60	1.45
Schuylkill region		128.4	1.85	1.55	1.40
Wyoming region	Dover, Del.	253.4	2.25	2.00	2.00
Lehigh region		227.2	2.25	2.00	2.00
Schuylkill region		176.0	2.25	2.00	2.00
Wyoming region	Washington, D. C.	245.6	2.00	1.85	1.60
Lehigh region		219.4	2.00	1.85	1.60
Schuylkill region		242.3	2.00	1.85	1.60
Wyoming region	Pittsburgh, Pa.	301.8	2.00	1.85	1.85
Lehigh region		275.6	2.00	1.85	1.85
Schuylkill region		314.6	2.00	1.85	1.85
Wyoming region	Erie, Pa. (reshipment for beyond)	354.6	2.00	1.75	1.75
Lehigh region		328.4	2.00	1.75	1.75
Schuylkill region		367.4	2.00	1.75	1.75
Wyoming region	Canandaigua, N. Y.	260.8	1.90	1.65	1.65
Lehigh region		224.6	1.90	1.65	1.65
Schuylkill region		263.6	1.90	1.65	1.65
Wyoming region	Sodus Point, N. Y.	272.5	1.80	1.60	1.60
Lehigh region		246.3	1.80	1.60	1.60
Schuylkill region		285.3	1.80	1.60	1.60
Wyoming region	Olean, N. Y.	256.1	1.90	1.65	1.60
Lehigh region		229.9	1.90	1.65	1.60
Schuylkill region		268.9	1.90	1.65	1.60
Wyoming region	Buffalo, N. Y.	326.5	2.00	1.75	1.75
Lehigh region		300.3	2.00	1.75	1.75
Schuylkill region		339.3	2.00	1.75	1.75

The rates to points which are nearer to the mines than 65 miles are intrastate rates, and the rates of the Pennsylvania Railroad for short distances are intrastate rates. Here are shown points distanced 70 to 130 miles from the mining region to which rates of \$1.60 and \$1.65 per ton have been established by these carriers on a low-grade commodity.

The average revenue per ton (2,000 pounds) per mile for all anthracite coal transported by the initial anthracite carriers during the year ended June 30, 1913, and the proportion of its total anthracite tonnage received by each carrier from connecting lines, is here shown:

Carrier.	Revenue per ton-mile.	Average haul.	Proportion anthracite tonnage received from con- necting lines.
	<i>Mills.</i>	<i>Miles.</i>	<i>Per cent.</i>
Jersey Central.....	8.37	112	9.06
Reading.....	8.82	106	1.62
Lackawanna.....	7.40	191	.66
Delaware & Hudson.....	7.54	142	.68
Lehigh Valley.....	7.11	177	.38
Pennsylvania.....	5.99	130	72.96
Northern Central.....	6.02	63	44.70
Erie.....	5.96	212	17.82
Ontario & Western.....	6.47	160	34.15

The substantial similarity of their anthracite rate structures is apparent from the revenues as to the first five carriers. As to the other carriers, the uniformity in revenues is affected because portions of their anthracite revenues are divided with their connecting lines. The fact that the Erie's rates on anthracite coal in effect west of Salamanca, N. Y., are lower than its rates on anthracite coal in effect east of Salamanca is also a factor in producing a lower average revenue for the Erie.

A very comprehensive statement of the revenue per loaded car-mile earned by the Delaware & Hudson Company from the transportation of anthracite coal was compiled by that carrier. It covers all of this traffic which was transported by that carrier during the months of April and October, 1911. The average load per car of anthracite coal ranges from 34 to 42 tons (of 2,240 pounds). The average loading used by the Delaware & Hudson in its computations was 36½ tons (of 2,240 pounds); so it appears that the Delaware & Hudson computation is fairly representative of the car-mile revenue earned by these carriers for hauls of 200 miles and less, except on shipments transported to tidewater. There is a marked variation in the rates to tidewater on the several sizes of coal and also a variation in the schedules of the rates to tidewater established by the carriers. The revenue per loaded car-mile on anthracite coal, computed by the Delaware & Hudson Company, is here shown.

Distance hauled (miles).	Revenue per loaded car-mile.	Distance hauled (miles).	Revenue per loaded car-mile.
	<i>Cents.</i>		<i>Cents.</i>
6 to 10.....	169.57	251 to 300.....	27.44
11 to 15.....	109.44	301 to 350.....	26.39
16 to 20.....	81.88	351 to 400.....	25.12
21 to 25.....	66.95	401 to 500.....	19.59
26 to 50.....	49.91	501 to 600.....	18.29
51 to 75.....	37.45	601 to 700.....	16.69
76 to 100.....	32.79	701 to 800.....	16.00
101 to 125.....	28.49	801 to 900.....	15.09
126 to 150.....	25.51	901 to 1,000.....	14.59
151 to 175.....	23.50	1,001 to 1,100.....	13.99
176 to 200.....	21.82	1,101 to 1,200.....	13.49
201 to 250.....	28.37	1,201 to 1,300.....	12.99

The revenue per loaded car-mile on anthracite coal transported from the mines to tidewater and to Buffalo in the month of November 1912, was:

Route and destination.	Average haul.	Revenue per loaded car-mile.		
		On prepared sizes.	On sizes smaller than buckwheat No. 1.	Average of sizes.
TO TIDEWATER.				
Pennsylvania R. R. and Northern Central Ry.: South Amboy..	Miles. 221.43	Cents. 26.4	Cents. 21.7	Cents. 24.0
New York, Ontario & Western: Weehawken	209	25.9	19.6	22.7
Reading: Port Reading.....	185.7	28.4	20.1	24.2
Erie lines: Weehawken and Undercliff.....	199.9	39.6	28.5	34.0
Lackawanna: Hoboken.....	147	40.9	29.2	35.0
Lehigh Valley: Perth Amboy.....	157	34.4	25.4	29.9
Jersey Central: Port Johnston and Elizabethport.....	140.58	35.3	27.7	31.5
		43.8	31.1	37.4

Route and destination.	Average haul.	Revenue per loaded car-mile.	
		On prepared sizes.	On sizes smaller than buckwheat No. 1.
TO BUFFALO.			
Reading and New York Central.....	Miles. 307	Cents. 17	17
Pennsylvania and Northern Central.....	311	22	22
Lackawanna.....	276	26	26
Delaware & Hudson via Erie.....	296	25	25
Erie.....	296	26	26
Lehigh Valley (for local delivery, Ohio and Michigan points).....	301	25	25
Lehigh Valley (for reshipment via lakes).....	301	26	26
Lehigh Valley (for Chicago, Peoria, St. Louis, etc.).....	301	22	22

¹ At rates established as a result of the Commission's decision in *Marion Coal Co. case*, *supra*.

² At rates established as a result of the Commission's decision in *Meeker case*, *supra*.

The remunerative character of the rates on anthracite coal is illustrated by a comparison of the foregoing revenue per loaded mile with the revenue per loaded car-mile on various commodities reported by 69 carriers in the *Five Per Cent case*, 31 I. C. C., 351, and with the average revenue per loaded car-mile earned on the freight traffic of 19 carriers for the year ended June 30, 1912.

Net revenue on representative carload shipments of various commodities during October, 1913, averaged, for 69 carriers, arranged in order of length of haul.

Commodities.	Carloads.	Average haul.	Average net revenue per loaded car-mile.
		Miles.	Cents.
Hemlock lumber.....	144	59	28
Hides, leather, etc.....	41	65	24
Brick, stone, etc.....	304	66	22
Iron ore.....	29,521	87	20
Cement (building), in sacks.....	3,496	88	22
Pulp wood.....	2,481	90	13
Fruit and vegetables.....	325	109	16
Oak lumber.....	64	120	16
Coke.....	19,261	122	21
Sand, gravel, etc.....	57	132	13
Miscellaneous forest products.....	158	144	12
Plaster, sewer pipe, etc.....	380	146	14
Pig iron.....	2,486	147	17
Pine lumber.....	215	150	14
Corn, shelled, in bulk.....	1,050	151	11
Wood pulp, etc.....	670	151	9
Bituminous coal, run of mine.....	64,430	159	16
Iron and steel billets, blooms, and ingots.....	2,437	160	20
Manufactured iron and steel articles.....	5,081	170	19
Paper, etc.....	590	181	9
Hay, in bales.....	1,348	183	9
Salt, in sacks.....	1,005	184	11
Sheep.....	759	186	7
Lumber, not otherwise specified.....	3,301	187	13
Steel rails.....	1,236	190	21
Spruce lumber.....	17	199	13
Petroleum products, in tank cars.....	478	210	16
Agricultural implements.....	229	214	10
Petroleum products, in barrels.....	443	237	10
Pig lead, spelter, etc.....	245	228	11
Feed, in sacks or barrels.....	637	229	8
Beer and empty bottles.....	112	249	8
Cotton and tobacco.....	46	258	7
Packing-house products.....	1,264	262	11
Wheat, in bulk.....	535	264	13
Flour (wheat, buckwheat, or rye).....	1,376	272	9
Soda ash and bleach.....	85	273	11
Sugar, in barrels.....	1,392	307	10
Corn syrup.....	13	314	6
Oats, in bulk.....	1,402	335	8
Cattle.....	2,899	391	6
Dried, smoked, or salted meats.....	208	416	10
Dressed fresh meats, in refrigerator cars.....	2,247	419	10
Copper bullion, bar, ingots, pig, and slab.....	676	464	11
Hogs.....	1,453	475	7

Carrier.	Average haul.	Average freight revenue per loaded car-mile, all freight traffic.
	Miles.	Cents.
N. Y. C. & H. R. R. Co.....	208.52	11.10
B. & O. R. R. Co.....	197.53	14.24
B., R. & P. Ry. Co.....	163.35	15.96
B. & M. R. R.....	106.82	16.56
M. C. R. R. Co.....	158.46	11.09
P., C. C. & St. L. Ry. Co.....	122.51	12.97
C. & A. R. R. Co.....	165.51	12.52
I. C. R. R. Co.....	242.56	11.11
L. & N. R. R. Co.....	171.00	15.78
Virginian Ry. Co.....	358.47	15.46
C. & O. Ry. Co.....	265.94	12.25
N. & W. Ry. Co.....	270.81	12.98
Reading.....	99.59	19.43
D. & H. Co.....	148.03	17.30
Lackawanna.....	172.28	15.91
Essex.....	166.42	12.93
Lehigh Valley.....	179.57	15.43
Pennsylvania.....	190.02	16.11
N. Y., O. & W. Ry.....	145.88	13.78

Anthracite coal is hauled in trains that transport the maximum train tonnage. The large tonnage hauled in the trains produces high earnings per train-mile. At the present effective rates the revenue per train-mile on anthracite coal transported to tidewater is, for the Jersey Central, \$19.30, for the Lehigh Valley, \$16.14; and for the Lackawanna, \$16.43. These revenues are substantially higher than average train-mile revenue, as here shown:

	Freight revenue per train-mile.		Freight revenue per train-mile.
A. C. L. R. R. Co.....	\$2.696	N. & W. Ry. Co.....	\$3.242
B. & O. R. R. Co.....	3.474	P., C., C. & St. L. Ry. Co.....	2.770
B. & M. R. R.....	3.074	Virginian Ry. Co.....	4.567
B., R. & P. Ry. Co.....	3.275	Eastern district, 1912.....	3.12891
C. & O. Ry. Co.....	3.471	Southern district, 1912.....	2.48888
C. & A. R. R. Co.....	2.709	Western district, 1912.....	3.17367
C. I. & S. Ry. Co.....	2.821	United States, 1912.....	3.02284
I. C. R. R. Co.....	2.347	1911.....	2.89548
H. V. Ry. Co.....	4.326	1910.....	2.86218
M. C. R. R. Co.....	3.012	1909.....	2.76450
L. & N. R. R. Co.....	2.295	1908.....	2.65307
N. Y. C. & H. R. R. Co.....	3.028		

In comparisons of average car-mile and train-mile revenues the revenue derived by these carriers from the transportation of bituminous coal, being considerably lower than anthracite revenue, reduces the average of the revenues to which anthracite coal is compared. With the exception of the Pennsylvania, and to a limited extent the Erie, the bituminous coal tonnage of these respondents is received from their connecting lines, and their haul is but part of a long interline haul. The average receipts per ton-mile derived by these respondents and five other carriers from coal traffic are here shown:

Carrier.	Average receipts per ton-mile.		Average haul of 1 ton.	
	Anthra- cite.	Bitumi- nous.	Anthra- cite.	Bitumi- nous.
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
C. R. R. Co. of N. J.....	8.37	5.23	111.68	49.38
P. & R. Ry. Co.....	8.82	3.67	105.14	131.18
D., L. & W. R. R. Co.....	7.40	5.80	191.36	66.96
D. & H. Co.....	7.54		142.42	
L. V. R. R. Co.....	7.11	4.08	177.15	158.35
P. R. R. Co.....	5.99	4.27	129.57	218.22
N. C. Ry. Co.....	6.02	3.88	63.05	80.78
Erie R. R. Co.....	5.96		212.51	
N. Y., O. & W. Ry. Co.....	6.47	4.64	159.80	81.57
N. Y. C. & H. R. R. Co.....	4.59	3.63	159.37	212.55
B. & O. R. R. Co.....	5.01	3.97	171.66	206.60
B., R. & P. Ry. Co.....	4.94	4.15	95.07	176.68
M. C. R. R. Co.....	3.80	6.22	184.08	70.31
C. I. & S. Ry. Co.....	2.84	3.88	93.08	104.18

In these various comparisons of revenue per car-mile, per train-mile, and per ton-mile, we are conscious of their limitations. The

average distance all commodities are hauled on the line of one carrier is not representative of the actual distance specific commodities included in that average are hauled because of the interline transportation of many commodities, and the total distance hauled is a very important factor in rate making. These carriers with few exceptions are the principal arteries of commerce to the largest city on this continent, and their freight traffic is therefore largely interline.

There is also a wide variation in the cost of transporting different classes of traffic and in the cost of facilities required to handle the different classes of traffic.

Anthracite coal is a low-grade commodity which is transported in vast quantities in trains of maximum tonnage. The tonnage loaded in each car is much greater than is attained in the loading of most other classes of traffic excepting bituminous coal and ore. Most of the anthracite tonnage is produced from collieries whose daily production, measured in carloads, is very large. These conditions tend toward lower operating costs in transporting this commodity than result from the transportation of most other commodities.

In 1900 the tonnage of anthracite coal transported by these carriers was 45,000,000 tons of 2,240 pounds; in 1906, 55,605,000 tons; and in 1913, 71,000,000 tons; or an increase of 58 per cent since 1900. This vast tonnage is produced from approximately 302 operations, collieries and washeries. The average tonnage of this commodity moved in trains to tidewater ranges from 1,750 to 1,850 long tons per train. An analysis of the output of the collieries in the month of November, 1912, shows that if we accept 25 days as the number of working days for each colliery, and 1,800 long tons as the average tonnage per train, that 25.19 per cent of the tonnage was produced from operations having an average production of one trainload or more per colliery each day; that 51.69 per cent of the tonnage was produced from operations having an average production of from half a trainload to one trainload per colliery each day, and but 23.12 per cent of the tonnage was produced from operations having an average production of less than half a trainload of anthracite coal per colliery each day. On the basis of an average loading of 39 long tons of anthracite coal per car, the operations having an average production per colliery or washery of more than 10 cars per day produced 93.77 per cent of the total tonnage of anthracite coal.

Ascending grades in the mining region have a tendency to cause high transportation costs, but it is also true that the large daily production of these collieries and washeries and its assemblage for transportation in such large unit quantities tends toward low operating costs in transporting it.

RETURN EMPTY MOVEMENT OF COAL CARS.

The anthracite traffic to tidewater involves the return empty movement of cars to a greater extent than results from the transportation of most other commodities. On some of the anthracite carriers approximately 97 per cent of the cars used to transport anthracite coal to tidewater are hauled back empty to the mining regions. The return empty movement in the westbound anthracite traffic is less, owing to the practice of utilizing westbound empty box cars in the carriage of anthracite coal destined to points west of the western termini of trunk line territory.

The carriers have contended that it is unfair to compare the average revenue per loaded car-mile on anthracite coal with the corresponding average for other commodities because of the greater empty car mileage in the anthracite traffic. They have submitted statistics in which are presented average revenues per car-mile based on the combined mileage of loaded and empty cars.

The difference between the average revenue of tidewater anthracite based on loaded car mileage and an average based on loaded and empty car mileage combined is illustrated in the following figures of the carriers:

Route and destination.	Revenue per loaded car-mile.	Revenue per car-mile, including empty movement.
	<i>Cents.</i>	<i>Cents.</i>
Pennsylvania (including Northern Central): South Amboy.....	23.07	11.56
Ontario & Western: Weehawken.....	23.86	11.96
Reading: Port Reading.....	25.70	12.85
Erie (including N. Y., S. & W. and W. B. & E.): Weehawken, Undercliff.....	31.64	16.41
Lackawanna: Hoboken.....	32.86	17.72
Lehigh Valley: Perth Amboy.....	34.94	18.20
Jersey Central: Port Johnston piers, Elizabethport.....	41.05	21.22

The return movement of empty cars used in the anthracite traffic is an element of expense that should be given consideration. In their computations of average revenues the carriers allow for this element of unusual expense by spreading the revenues earned in the loaded movement over both the loaded and empty movement mileage. In considering comparisons of revenue, while giving due weight to extraordinary operating costs attributable to the anthracite traffic, we also have in mind that the heavy tonnage hauled in trains which transport coal offsets to a large extent the expense of returning the empty coal cars. It is, therefore, apparent that these various elements of extraordinary expense attributable to the transportation of certain commodities must be considered from the standpoint of cost of service and not by adjustments of average revenue.

COST OF TRANSPORTING ANTHRACITE COAL.

We have had before us within the past few years several important cases in which were presented data specifically prepared to set forth the element of cost of service.

In the *West Virginia Lake-Coal case*, 22 I. C. C., 604, 615, estimates of cost of transportation were prepared by the carriers, by the coal companies, and by the examiners of the Commission. Referring to certain of these estimates we said that whichever method was followed, the figures resulting make it evident that it is not beyond the range of possibility to approximate the cost of carrying freight as distinguished from passengers over a certain division or even the carrying of a certain kind of freight when this constitutes a large proportion of a carrier's traffic over such division.

Concurrently there was before us the case *Boileau v. P. & L. E. R. R. Co.*, 22 I. C. C., 640, 652, in which complainants presented estimates of the cost of transporting lake cargo coal over some of the defendants' lines. Comprehensive details as to the processes by which the various elements of cost were ascertained were supplied by complainants' witness. As to the value and significance of cost of service data we held that costs do not determine rates, yet most rates have within them as a constituent the element of cost. Cost is generally an important element in arriving at a judgment with respect to a rate.

We have also had occasion to consider cost of service in *Pittsburgh Vein Operators of Ohio v. Pennsylvania Co.*, 24 I. C. C., 280, 284, and in the case *Louisville & Nashville R. R. Coal and Coke Rates*, 26 I. C. C., 20, 27, we held:

We realize that there is no exact method of so separating the accounts of a carrier as to determine exactly what is the cost of moving any particular portion of its traffic, and that the best that may be accomplished is an approximation.

* * * * *

While cost is an important element in determining the reasonableness of freight rates, it is not controlling, and we do not think a reasonable maximum rate is ipso facto only such a rate as pays a fixed distributive share of all operating expenses.

So long as freight is classified this can not be, and the preservation of that classification calls for the exercise of "the flexible limit of judgment which belongs to the power to fix rates."

In the instant case, conditions were peculiarly favorable for computing the cost of service. Anthracite coal is exclusively a carload commodity. It originates in vast quantities from a comparatively small district. A large number of the collieries from which it is taken have a unit production of one-half a trainload of coal or more each working day. Much of its movement is in solid trainloads. Large amounts are transported to tidewater, and to a great extent in this movement, anthracite coal constitutes the only commodity in the train or constitutes a large proportion of the train tonnage.

In the many cases we have considered wherein shippers have attacked the reasonableness of the rates on this commodity, the defendant carriers have advanced many reasons to show wherein the transportation costs of hauling anthracite coal were extraordinary and not comparable with transportation costs arising from hauling other commodities.

Having these matters in view, therefore, we directed our examiners to compute the cost of service for anthracite coal, including only such costs as are represented in operating expenses. Complete results were reached as to the tidewater movement of anthracite over the Central Railroad Company of New Jersey. The traffic hauled in the month of November, 1912, was the basis of the computations. Part of the operating costs resulting from the transportation of anthracite coal to tidewater on the Lackawanna Railroad and terminal costs on the Reading Railway were also compiled.

The conduct of the anthracite traffic was described in considerable detail in the record. It is sufficient here to say that in general it involves the collection of the loaded cars from the breakers and washeries into assembling yards, the necessary switching into trains, the road haul to destination, terminal services, and the return of the empty cars. The computations are set forth in detail in the appendix to this opinion, and they indicate how the various services were accounted for in the computations made by the Commission's examiners.

Briefly stated, the examiners found that the operating cost of transporting anthracite coal to tidewater by the Central Railroad Company of New Jersey was 59.26 cents per long ton from the Wyoming region (average haul, 160 miles), 44.35 cents per long ton from the Lehigh region (average haul, 120 miles), and 49.04 cents per long ton from the Upper Lehigh region (average haul, 140 miles), making a weighted average of 3.3 mills per short ton-mile to the three tidewater termini of this carrier. The Central Railroad of New Jersey costs were computed for a railway line whose average distance to tidewater is shorter than the average haul of the other carriers. We have frequently held that cost of service per ton-mile properly decreases as the length of the haul increases. In the short haul of the Central Railroad of New Jersey there are included the assembling costs and the terminal costs which necessarily result in causing a higher cost per ton-mile than would result under similar operating conditions for the longer haul to tidewater of the other carriers.

The working papers on which the cost exhibit was based were made available for inspection by the carriers during the eight months which elapsed between the date the exhibit was submitted in evidence and the cross-examination thereon, and the carriers' officers

had possession of these papers for a considerable part of the time. The cross-examination on this part of the case was extended and in comprehensive detail.

The carriers in their brief and in the argument have dwelt at length upon certain inaccuracies and inconsistencies in the cost figures and asserted that they were based upon inapplicable and inappropriate statistics not designed or kept for the purpose of computing operating costs. Certain of these criticisms appear to be well taken, but after a review of the entire matter we are of opinion that the record does not contain facts that cast doubt on the substantial accuracy of the results. At most, cost of service is but one of several factors which we must regard in our consideration of the rates before us in this case, and there is a considerable margin between the costs and the revenues derived from the rates.

The margin of profit on tidewater anthracite is indicated by a comparison of the cost of transportation, 3.3 mills per ton (2,000 pounds) per mile, with the average revenue here shown:

Carrier.	Average haul.	Average revenue per ton.		Average revenue per ton-mile.	
		2,240 pounds.	2,000 pounds.	2,240 pounds.	2,000 pounds.
	<i>Miles.</i>			<i>Mills.</i>	<i>Mills.</i>
C. R. R. Co. of N. J.....	140.58	\$1.489	\$1.329	10.59	9.45
L. V. R. R. Co.....	157	1.484	1.325	9.45	8.44
N. Y., O. & W. Ry. Co.....	209	1.447	1.293	6.92	6.18
Erie R. R. Co. (including N. Y., S. & W. R. R. Co. and W.-B. & E. R. Co.).....	169.90	1.407	1.256	8.28	7.39
P. & R. Ry. Co.....	185.70	1.338	1.195	7.21	6.44
D., L. & W. R. R. Co.....	147	1.300	1.161	8.84	7.90
P. R. R. Co. (including N. C. Ry. Co.).....	221.43	1.347	1.203	6.08	5.43

The revenues per ton (2,000 pounds) per mile on anthracite coal transported to Buffalo via the various routes are here shown:

To Buffalo.	Miles.	Prepared sizes.		Pea and smaller.	
		Rate.	Revenue per ton-mile.	Rate.	Revenue per ton-mile.
VIA DIRECT ROUTES.					
Lackawanna.....	276	\$1.7857	\$0.00647	\$1.5625	\$0.00566
Lehigh Valley.....	301	1.7857	.00593	1.5625	.00519
Erie (from Pittston group).....	296	1.7857	.00603	1.5625	.00628
VIA CIRCUITOUS ROUTES.					
Pennsylvania (from Wyoming region).....	326	1.7857	.00548	1.5625	.00479
Reading via Newberry Junction and New York Central.....	307	1.7857	.00449	1.5625	.00394
Ontario & Western (via Oneida and N. Y. C. & H. R. R. R.).....	332	1.7857	.00639	1.5625	.00472
Delaware & Hudson (via Schenectady and New York Central).....	456	1.7857	.00393	1.0664	.00373

CARRIERS' INVESTMENT AND INCOME AS DEDUCED FROM THEIR BOOKS.

The carriers have submitted in evidence statements concerning their investment in road and equipment and in working capital, their net operating income, and the ratios of net operating income to investment for a number of years. The object of the statements, as testified by the carriers' witness, has been to show cost of material in place, so far as that could be ascertained. Considering this cost as representative of the investment, the statements show that the respective net operating incomes of the New York, Ontario & Western Railway, the Erie lines, and the Pennsylvania Railroad were less than 6 per cent on the investment for the year ended June 30, 1913, and for the year 1914 they were less than 6 per cent for those three railway systems and for the Lehigh Valley Railroad.

The investment, total property devoted to public use, as thus presented by the carriers, and the per cent of return on the investment produced by the net operating income as adjusted are here shown:

Carrier and year.	Book value of property devoted to public use.	Net operating income.	Rate of income on investment.	Amount of income.	
				In excess of 6 per cent per annum.	Less than 6 per cent per annum.
YEAR ENDED JUNE 30, 1913.					
D., L. & W. R. R.	\$187,102,870	\$14,450,741	Per cent. 7.73	\$3,224,569	.....
Reading.	238,325,264	21,836,887	9.16	7,537,371	.....
D. & H. Co.	107,906,939	8,990,887	8.33	2,516,171	.....
C. R. R. of N. J.	94,827,868	8,269,160	8.72	2,579,488	.....
N. Y., O. & W. Ry.	56,694,648	2,471,471	4.36	.....	56,694,648
L. V. R. R.	196,753,503	12,985,175	6.60	1,179,996	.....
Pennsylvania and Nor. Central.	753,420,790	42,431,006	5.63	.....	2,751,111
Erie.	386,648,946	16,246,306	4.20	.....	6,327,222
N. Y., S. & W. R. R.	44,155,784	1,010,523	2.29	.....	1,010,523
YEAR ENDED JUNE 30, 1914.					
D., L. & W. R. R.	189,049,487	13,228,514	7.00	1,885,545	.....
Reading.	239,705,049	16,496,989	6.88	2,109,286	.....
D. & H. Co.	109,406,222	7,376,514	6.74	812,141	.....
C. R. R. of N. J.	100,365,569	6,356,046	6.33	332,212	.....
N. Y., O. & W. Ry.	57,899,005	1,952,646	3.37	.....	1,952,646
L. V. R. R.	204,131,959	10,830,735	5.31	.....	1,083,073
Pennsylvania and Nor. Central.	788,433,134	37,091,308	4.70	.....	10,830,735
Erie.	397,695,141	13,942,448	3.51	.....	6,942,448
N. Y., S. & W. R. R.	44,260,863	905,437	2.04	.....	1,701,000

The combined investment of the several carriers includes amount estimated by them at \$42,759,000 to represent working capital. It also includes \$196,643,000, representing additions and betterments to the carriers' property charged to income and profit and loss, although the carriers' exhibit shows but \$10,070,221 for the latter item. The total combined investment, including working capital, is shown to be \$2,131,046,429 on June 30, 1914. In merging the book entries of property costs of their various railway lines these carriers have proceeded to the conclusion that 6 per cent per annum is the lowest possible suggestion as to what would be

stitute a fair return on the investment, and that "a legislative command to accept anything less than 6 per cent would be adjudged to be confiscation."

In considering this question we do not suggest that 6 per cent per annum income is too high a rate of return on railroad investments or too low a return. The stockholders of several railways operated by the initial anthracite carriers have leased their properties to anthracite carriers for a return of 4 per cent per annum on their investment; some properties are leased at 7 per cent per annum, and some at 10 per cent per annum under long term leases.

If these statements present a reliable figure of cost of property, it might then be necessary to decide if the operating company is entitled to a return of 6 per cent on the property cost of leased lines for which rent has been fixed in long term leases at 4 per cent per annum; or if shippers should pay rates which produce a return of 10 per cent on the property investment of such leased lines when the rate of rental has been fixed at 10 per cent per annum in the leases; and further, if the operating company is entitled to a return of 6 per cent on the property it purchased from the proceeds of bonds bearing 4 and 5 per cent interest, and if the operating company is entitled to earn 6 per cent on the unproductive betterments purchased with surplus earnings. The principal railway systems borrow large sums of money at rates of interest much lower than 6 per cent, and with the money construct side lines and lateral branches and invest in nonproductive betterments which can not earn 6 per cent on the investment. In the *Five Per Cent case*, 31 I. C. C., 351, 383, we pointed out that the average rate of interest paid by the lines in official classification territory was 4.07 per cent per annum during recent years.

Most of the large railway systems of this country were made up by consolidating and merging many lines of railway which started as independent enterprises. Other lines came under the control and domination of an operating company at fixed rents or rates of compensation payable on their securities by the operating company. The tendency has been for the great systems to acquire control of their poorly placed, indifferently operated, or isolated feeders and competitors, not at their original cost but at a cost either higher or lower than the construction cost. They have often been purchased at receivers' sales for much less than their original cost, and the loss was borne by the original investors.

The investment shown in the carriers' statements does not represent cost of property nor an approximate figure of cost, so we will dismiss from further consideration the questions as to the cost of the properties to the operating company or the present owners.

At the outset of this inquiry, in December, 1912, the Commission endeavored to ascertain from the carriers the cost of the properties used by these carriers in their operations, but we were informed by the several carriers in January, 1913, that their books did not contain that information, and not one of them was in a position to show the cost of their property. The reasons advanced for this were that the construction books of the original lines were not in the possession of the present operating companies, and that the figures in the old books were not translatable into the cost of property as defined in the present classification of accounts, as well as many other reasons showing the impossibility of ascertaining property costs.

In the *Five Per Cent case*, 31 I. C. C., 351, we expressed our dissatisfaction with the property investment as presented by the carriers. The figures presented in that case included the property investments of the several respondents in the present case. During the proceedings in this case we decided to ascertain, so far as it was possible without unduly delaying the determination of this case, the character of the property investment as presented by these carriers. We directed the Commission's examiners to make a brief examination of the carriers' books and ascertain, so far as it was possible, the character of the costs submitted to us as representative of property costs. The results of these examinations made during the hearings show that the statement of Reading Railway property costs contained items aggregating \$38,000,000 which represented operating deficits, bonus stock issued, arbitrary write-ups of road accounts, cost of securities which apparently had no value but were charged off to road account, and similar items which had been included in the book accounts of property costs, all of which inflated the cost of road and equipment as shown in the carriers' books, but did not actually represent expenditures for road and equipment. Most of these items were included in the road account prior to 1907. Obviously, present-day rates should not be expected to earn a return on property costs inflated by the inclusion of such items. Other amounts included in cost of road as shown by "road account" were: For the Pennsylvania, cost of coal-producing lands, \$1,642,149, on which no income has been received in recent years, and bonus stock, \$1,565,527; for the Lackawanna, bonus stock, \$426,355, discounts and commissions on securities, \$795,329; for the Central Railroad of New Jersey, an arbitrary write-up of cost of road, \$2,757,643. As the carriers, by amended exhibits or upon their briefs, have adopted these reductions from their property costs, and as a reduction of \$33,000,000 has been made in the cost of the property of the New York, Ontario

& Western Railway, the property costs in the instant case differ from the property costs presented in the *Five Per Cent case*. In the *Five Per Cent case*, 32 I. C. C., 328, we stated that the property investment accounts as now standing on the books of the carriers can not be accepted as accurately representing the fair value of their property devoted to serving the public.

The evidence shows that the road account, now designated "cost of road," was used prior to 1907 as a general clearing account into which was charged valueless and uncollectible items and liabilities which could not conveniently be absorbed into other accounts. This was not considered wrongful or bad bookkeeping in those days, and we do not desire to criticize these carriers now for such past practices. These respondents, for the purposes of their statements of investment and income, have merely revised their property accounts for recent years and have presented the result of such revisions as representative of cost of property. The property costs as in 1913 here presented total \$2,023,076,827, of which \$1,023,076,827 is representative of revised property accounts as deduced from the carriers' books and \$1,000,000,000 of it represents unrevised property accounts. Even as to those two carriers, the Lehigh Valley and the Delaware & Hudson, which claim to have extended the revision back to construction periods, books and records were not existent to enable them to get complete costs of property.

Property costs deduced from the old books of these carriers are not reliable. The fault is back of the books. This is well illustrated by the cost of construction of the Port Reading Railroad, which the carriers' expert has ascertained from its books to have been \$3,025,000. This railroad is of recent construction, being completed in the year 1894. The Commission's examiners found, by their review of the construction contracts and records, that the actual cost of constructing this railroad was \$1,525,000, and that the book cost includes \$1,500,000 representing a bonus payment in securities to the construction company. Such practices were so prevalent in railroad construction in former years that we must regard property costs deduced from the old books as very unreliable.

The property costs per mile of line shown for the Erie Railroad are \$199,832, and for the New York, Susquehanna & Western Railroad, \$200,213, while for the Reading they are \$157,732, and for the Pennsylvania, \$180,543. Such property costs for the New York, Susquehanna & Western, whose terminal properties are very limited in comparison with the other lines mentioned, clearly indicate the unreliability of book costs as representative of actual cost of property. Counsel for the carriers frankly admits the dubious character of Erie property costs arising from the book entries of such costs in 1895.

The carriers have used the term "total property devoted to public use" as representative of the investment in their railway properties devoted to public use. They have included in their investment the cost of properties rented to tenants and used for private purposes, and they justify this by the assertion that it was acquired for railroad purposes and may in the future be used for railroad purposes. The Lackawanna Railroad has leased extensive properties to tenants for their use for private purposes. Among the properties so leased are a large number of retail coal trestles and properties which we have hereinbefore stated were rented to the Delaware, Lackawanna & Western Coal Company at less than their true and actual rental value. During the proceedings in this case we were advised by counsel for the Lackawanna that a new lease had been entered into whereby the coal company would pay an increased rent to the carrier, and the carrier's return on the property so rented after the payment of taxes would be 4 per cent per annum. Obviously, retail coal trestles and such structures erected on the carrier's premises, when the exclusive use thereof is leased to private parties, should not be described as property devoted to public use. Should the freight rates make up this difference between the general return of 6 per cent per annum claimed by the carrier and the 4 per cent per annum which the carrier accepts in rent from the tenant? The investment figures submitted in the several carriers' statements contain the cost of considerable property that is not devoted to public use.

UNPRODUCTIVE BETTERMENTS.

The Pennsylvania Railroad has expended on its new passenger terminal properties in New York City approximately \$114,000,000. These properties are operated by the Pennsylvania Tunnel & Terminal Railroad Company, and the operations result in deficits each year. The deficit in the year ended June 30, 1913, was \$2,087,000. The record shows that the terminal was constructed for the benefit of the Pennsylvania lines west of Pittsburgh as well as the lines east of Pittsburgh, but no part of its cost is, by the carrier, assigned to the income of the lines west of Pittsburgh. In the statements of investment and income the deficit is charged to the income of the Pennsylvania Railroad (the lines east of Pittsburgh), and the per cent of net operating income on the investment for the Pennsylvania Railroad is substantially reduced because of these deficits and the large investment in this terminal property. The record shows that when the New York Connecting Railroad, now under construction, is completed the terminal properties will some time in the future be used for passenger traffic between the Pennsylvania lines and the New York, New Haven & Hartford Railroad. Thus the question is pre-

sented: Must the present effective freight rates of the Pennsylvania Railroad earn an annual return of 6 per cent on the investment in these passenger terminal properties? The record shows that \$47,000,000 of the expenditures in this property has been charged to profit and loss and to income of the Pennsylvania Railroad; that is, its past surplus income has already contributed \$47,000,000 to the cost of this property.

In the *Five Per Cent case*, 31 I. C. C., 351, 375, we called attention to investments made by the carriers in unproductive betterments. These carriers vested with governmental authority and charged with a public trust have in response to public demand and in compliance with legislative enactments made large expenditures for improvements which are relatively unproductive, at least such expenditures have not resulted in an increase in their revenues proportionate to such expenditures. It is in the public interest that such improvements should continue to be made, and for such purposes a railroad, no doubt, is justified in accumulating a reasonable amount of surplus. In order to give adequate consideration to such matters, we must view the actual operating results of the carriers as presented in their annual reports which we have prescribed, showing their actual income, expenses, rentals, and surplus. These items are not set forth in a satisfactory manner in the carriers' statements of investment and income. We have under consideration the rates of the operating companies, and we must view their actual income and expenses.

THE ERIE LINES AND THE NEW YORK, ONTARIO & WESTERN RAILWAY.

Now, to follow the theory of a stipulated annual return on all railway property: The Erie Railroad has not revised its property accounts prior to the last receivership and reorganization of the Erie properties, in the year 1895. We have in another part of this report referred to the overcapitalization of the Erie lines. It seems pertinent to here point out that, based on the showing contained in the carriers' exhibits for the year 1913, the Erie's net operating income would have to be augmented to the extent of 42.80 per cent in order to make it sufficient to produce 6 per cent return on the property investment claimed, and the year 1913 was one of the prosperous years. The New York, Susquehanna & Western would require 162.07 per cent greater income to reach the 6 per cent measure of return. The New York, Ontario & Western Railway would require 37.64 per cent more income to attain the 6 per cent result in 1913. It is apparent that rates which would produce the 6 per cent result for the Susquehanna & Western and the Ontario & Western would be absolutely extortionate.

The collieries in the Wyoming region are served by eight railway lines. All these lines extend to tidewater except the Delaware &

Hudson Company, and the Delaware & Hudson reaches New England states markets by means of connections with several New England lines.

The Scranton branch of the New York, Ontario & Western Railway was extended into the mining region and completed in July, 1890. This was the seventh railway line constructed into the Wyoming region.

In 1881 the New York, Susquehanna & Western Railroad Company, which reaches tidewater at Edgewater, N. J., was formed by the consolidation of six railway companies, and in 1882 it established a connection with the Delaware, Lackawanna & Western Railroad at Stroudsburg, Pa. It also constructed certain branch lines of railway in the Wyoming region connecting the collieries of its coal company, the Pennsylvania Anthracite Coal Company (which subsequently became the New York, Susquehanna & Western Coal Company), with the Lackawanna Railroad. The Lackawanna transported the coal gathered on these branch lines to the New York, Susquehanna & Western Railroad at Stroudsburg until the Wilkes-Barre & Eastern Railroad was completed. The Wilkes-Barre & Eastern Railroad, extending from a connection with the New York, Susquehanna & Western near Stroudsburg into the Wyoming region, was completed in 1894. Its capital stock is owned by the New York, Susquehanna & Western, and its extension into the mining region constituted the eighth railway line constructed into the Wyoming region.

When the New York, Susquehanna & Western Railroad was projected, it offered, through its coal company, to buy coal from operators on 50 per cent contracts. The price before that had been 40 to 45 per cent. The extension of the New York, Ontario & Western Railway into the Wyoming region resulted in a further increase in the contracts to 65 per cent of the selling price at tidewater. *Reading case*, 226 U. S., 361. These carriers made use of their public franchises as common carriers to aid themselves as vendors in suppressing or controlling the activities of their customers and competitors, the individual operators. That such a course of conduct would result in inviting the construction of additional railway lines was but the natural consequence of such acts. The welfare of the shippers was incompatible with the mining and selling operations of the carriers. Had the carriers performed their public duties in an impartial and nondiscriminatory manner and established just and reasonable rates for all shippers, would eight lines of railway have been constructed into the Wyoming region?

The anthracite tonnage which the Erie commands is divided between two railway lines, its own route and the joint route, the New York, Susquehanna & Western-Wilkes-Barre & Eastern, both of

which extend to tidewater. The joint route has been controlled since the year 1898 by the Erie Railroad. It reaches four collieries, three owned and operated by the Erie's coal company, the Pennsylvania Coal Company, and one colliery, of small capacity, operated by an independent operator.

The Erie Railroad acquired the entire capital stock (\$26,000,000) of the New York, Susquehanna & Western Railroad in 1898 by giving in exchange therefor its own capital stock to an equal amount, which was issued for that purpose. The market price of Erie stocks at that time ranged from \$7 to \$8½ for common, \$19 to \$22 for first preferred, and \$9½ to \$11 for second preferred; New York, Susquehanna & Western stocks were quoted on the market at from \$5½ to \$7½ for common and \$14½ to \$19 for preferred. Quotations of both companies were based on par value of \$50 per share.

Here are two lines, the New York, Ontario & Western and the New York, Susquehanna & Western, whose earnings are unfortunately limited by the customs which have prevailed in marketing anthracite coal. Their competitors control the traffic at its source, so these two carriers can get only the tonnage from the lands that were not acquired by their competitors who entered the mining regions before them.

The joint route, New York, Susquehanna & Western Railroad-Wilkes-Barre & Eastern Railroad, receives 97 per cent of the coal tonnage it transports from the mining region from the two coal companies owned by the Erie, and it is apparent that the anthracite tonnage hauled by this joint route consists only of that which the Erie elects to divert from its own line to tidewater. Anthracite coal constitutes 80 per cent of the total freight tonnage of the Wilkes-Barre & Eastern Railroad. Obviously, if reasonable rates and transportation conditions had been accorded by these respondents to the individual operators, a large part of this joint route would not have been constructed.

Giving consideration to the said conditions, it is apparent that 6 per cent per annum earnings on the whole property of a railway system or a group of railways under such circumstances is unattainable.

INCOME OF THE INITIAL ANTHRACITE CARRIERS.

For the year ended June 30, 1913, the total operating revenues of these carriers were \$448,711,496, their total freight revenues were \$342,499,310, and the revenue they derived from transporting anthracite coal was \$96,516,183. The ratio of their anthracite coal revenues to their total freight revenue ranged from 6 per cent to 86 per cent.

The revenues of railway companies being subject to considerable fluctuations from year to year, the statement thereof is viewed on a better basis if we consider the average for a period of years. The

following figures show the annual average of total operating revenues, of freight revenue, and of revenue derived from the transportation of anthracite coal during the six years 1908 to 1913:

Carrier.	Total operating revenue.	Total freight revenue.		Anthracite coal revenue.		
		Amount.	Ratio to total operating revenue.	Amount.	Ratio to total freight revenue.	Ratio to total operating revenue.
			<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>
C. R. R. Co. of N. J.....	\$25,220,405	\$18,855,042	74.8	\$8,739,651	46.4	24.7
P. & R. Ry. Co.....	43,759,786	35,090,286	80.2	12,308,651	35.1	28.1
D., L. & W. R. R. Co.....	35,887,896	26,336,441	73.4	14,114,105	53.6	26.3
L. V. R. R. Co.....	37,075,349	31,391,700	84.7	15,152,018	48.3	40.9
D. & H. Co.....	20,775,345	17,148,016	82.5	8,067,980	47.1	28.8
P. R. R. Co.....	158,503,949	115,489,971	72.9	8,313,544	7.2	5.2
N. C. Ry. Co.....	12,556,944	9,594,796	76.4	2,219,834	23.1	17.7
Erie R. R. Co.....	47,239,895	34,880,851	73.8	11,049,575	31.7	23.4
N. Y., S. & W. R. R. Co.....	2,744,900	1,829,803	66.7	907,147	49.6	23.1
W.-B. & E. R. R. Co.....	665,305	657,628	98.9	583,820	88.8	87.8
N. Y., O. & W. Ry. Co.....	8,711,407	6,757,783	77.6	4,108,352	60.8	47.2
Total.....	393,140,571	298,032,317	75.8	85,595,076	28.7	21.8

The operating revenues earned by these carriers have increased greatly during the past 10 years, as shown by the averages per mile of line following:

	1904	1913
C. R. R. Co. of N. J.....	\$29,769	\$42,018
P. & R. Ry. Co.....	33,795	49,563
D., L. & W. R. R. Co.....	35,222	42,276
L. V. R. R. Co.....	21,456	29,656
D. & H. Co.....	17,882	28,115
P. R. R. Co.....	30,097	45,101
N. C. Ry. Co.....	21,962	28,241
Erie R. R. Co.....	21,926	27,147
N. Y., S. & W. R. R. Co.....	13,655	18,954
W.-B. & E. R. R. Co.....	6,751	7,190
N. Y., O. & W. Ry. Co.....	12,165	16,715

With minor exceptions the averages for 1904 are the lowest in the 10-year period, and the averages for 1913 are the highest during that period.

Of all the railways in the United States with annual operating revenues of \$1,000,000 or more, only three besides those above indicated had revenues in 1913 and in 1914 averaging \$40,000 per mile of line or more. The three exceptions are the Pittsburgh & Lake Erie Railroad Company, the Bessemer & Lake Erie Railroad Company, and the Bingham & Garfield Railway Company. The very unusual traffic conditions enjoyed by the first two roads are well known, while the third is a heavy carrier of ore, so that the four initial anthracite carriers showing such unusual earning capacity hold a position unquestionably unique among the steam transportation systems of the country having diversified traffic.

The exceptional earning capacity of the principal anthracite carriers is well illustrated when comparison is made with the average operat-

ing revenue per mile of line of the following representative carriers. The figures are for 1913:

New York Central & Hudson River R. R. Co.....	\$30,776
Baltimore & Ohio R. R. Co.....	22,789
Buffalo, Rochester & Pittsburgh Ry. Co.....	19,113
Michigan Central R. R. Co.....	19,448
Pittsburgh, Cincinnati, Chicago & St. Louis Ry. Co.....	30,236
Hocking Valley Ry. Co.....	22,241
Illinois Central R. R. Co.....	13,497
Louisville & Nashville R. R. Co.....	12,338
Atlantic Coast Line R. R. Co.....	7,833
Virginian Ry. Co.....	11,896
Chesapeake & Ohio Ry. Co.....	15,129
Norfolk & Western Ry. Co.....	21,623

To handle traffic of such density and volume has required very large investments on the part of the respondent carriers, so that their properties show exceptional characteristics in the large number of units and the size of equipment in service, the large number and considerable length of passing tracks and sidings, the extensive yard and terminal facilities, and the amount of other properties representative of a large investment.

The relative proportions of operating revenues available for operating expenses and for net fixed charges are shown in the following figures, which represent the average results for the five-year period 1909 to 1913. Income from sources other than railway operations has been deducted from rents, interest, and other fixed charges to reach net fixed charges:

Carrier.	Proportion operating revenues available for—		Proportion operating revenues remaining for dividends, additions, and betterment reserves, surplus, etc.
	Operating expenses.	Net fixed charges.	
	Per cent.	Per cent.	Per cent.
C. R. R. Co. of N. J.....	57.42	15.74	26.84
P. & R. Ry. Co.....	61.52	19.21	19.27
D. L. & W. R. R. Co. ¹	59.32	6.07	34.61
L. V. R. R. Co.....	63.92	15.88	20.25
D. & H. Co. ²	60.91	13.02	26.07
P. R. R. Co. ³	71.65	5.27	23.08
N. C. Ry. Co.....	88.10	.95	15.95
Erie R. R. Co.....	66.16	23.31	10.53
N. Y., S. & W. R. R. Co.....	61.60	29.64	8.76
W.-B. & E. R. R. Co.....	67.25	32.75	.....
N. Y., O. & W. Ry. Co.....	70.37	17.21	12.42

¹ Figures for net income from mining operations for 1908 to 1911 in Morgan Exhibit No. 36 here used as miscellaneous income for purposes of comparison.

² Figures based on three years, 1911, 1912, and 1913.

³ Figures based on four years, 1910 to 1913.

Now, to consider the net corporate income of these carriers and its relation to their capital stocks. By the term net corporate income is meant the net amount remaining from the carriers' operating reve-

nues and income from other sources after the payment of operating expenses, taxes, rents, interest, and other fixed charges. This represents the profits of the carrier available for dividends, for reserves for the purchase of additional property, for accumulation of surplus, or for such other purposes as the stockholders through their board of directors may elect. The net corporate income of these carriers for the 5-year periods, for the 10-year period, and for the one year 1914 is here shown, compared with the net corporate income of other representative carriers for the year 1913:

	Net corporate income.		
	Amount.	Amount per mile of line.	Ratio to capital stock.
C. R. R. Co. of N. J.:			<i>Per cent.</i>
5-year average, 1904 to 1908.....	\$5,184,980	\$7,726	18.90
5-year average, 1909 to 1913.....	6,709,976	10,001	24.46
10-year average, 1904 to 1913.....	5,947,453	8,864	21.68
Year ended June 30, 1914.....	5,723,934	8,443	20.86
P. & R. Ry. Co.:			
5-year average, 1904 to 1908.....	7,587,396	7,553	37.94
5-year average, 1909 to 1913.....	8,592,011	8,430	36.06
10-year average, 1904 to 1913.....	8,089,704	7,996	30.26
Year ended June 30, 1914 ¹	7,426,621	6,632	17.48
D., L. & W. R. R. Co.:			
5-year average, 1904 to 1908.....	11,530,718	13,921	44.61
5-year average, 1909 to 1913.....	12,564,197	13,491	42.65
10-year average, 1904 to 1913.....	12,047,458	13,094	43.20
Year ended June 30, 1914 ¹	10,313,231	10,745	34.40
D. & H. Co.:			
3-year average, 1911 to 1913.....	5,755,679	6,777	12.54
Year ended June 30, 1914.....	4,113,760	4,672	9.68
L. V. R. R. Co.:			
5-year average, 1904 to 1908.....	7,002,243	4,926	17.31
5-year average, 1909 to 1913.....	7,570,124	5,250	14.41
10-year average, 1904 to 1913.....	7,286,184	5,089	15.67
Year ended June 30, 1914 ¹	7,056,660	4,900	11.64
P. R. R. Co.:			
4-year average, 1910 to 1913.....	38,272,541	9,567	8.62
Year ended June 30, 1914.....	36,397,776	8,913	7.29
N. C. Ry. Co.:			
5-year average, 1904 to 1908.....	2,294,733	4,964	12.57
5-year average, 1909 to 1913.....	2,000,697	4,267	10.39
10-year average, 1904 to 1913.....	2,152,215	4,613	11.87
Year ended June 30, 1914.....	1,623,564	3,439	8.39
Erle R. R. Co.:			
5-year average, 1904 to 1908.....	3,585,036	1,869	2.08
5-year average, 1909 to 1913.....	5,070,033	2,563	2.87
10-year average, 1904 to 1913.....	4,328,437	2,238	2.46
Year ended June 30, 1914.....	1,349,596	679	.77
N. Y., S. & W. R. R. Co.:			
5-year average, 1904 to 1908.....	46,073	304	.18
5-year average, 1909 to 1913.....	245,094	1,003	.94
10-year average, 1904 to 1913.....	145,583	956	.58
Year ended June 30, 1914.....	230,383	1,644	.89
N. Y., O. & W. Ry. Co.:			
5-year average, 1904 to 1908.....	1,306,196	2,389	2.26
5-year average, 1909 to 1913.....	1,096,845	1,967	1.89
10-year average, 1904 to 1913.....	1,201,520	2,175	2.07
Year ended June 30, 1914.....	663,662	1,168	1.14
YEAR ENDED JUNE 30, 1913.			
N. Y. C. & H. R. R. R. Co.....	15,793,330	4,222	7.00
B. & O. R. R. Co.....	13,382,111	3,008	6.35
B., R. & P. Ry. Co.....	2,126,094	3,714	12.89
M. C. R. R. Co.....	3,299,094	1,813	17.61
P., C., C. & St. L. Ry. Co.....	3,513,360	2,387	5.43
H. V. Ry. Co.....	1,917,045	5,456	17.43
I. C. R. R. Co.....	6,575,113	1,391	5.51
L. & N. R. R. Co.....	8,630,044	1,791	11.90
A. C. L. R. R. Co.....	7,889,008	1,711	11.47
Virginian Ry. Co.....	1,018,335	2,074	1.72
C. & O. Ry. Co.....	3,295,008	1,423	5.25
N. & W. Ry. Co.....	11,100,641	5,491	9.02

¹ There were large increases in the capital stocks of the P. & R. Ry. in April, 1911; of the D. L. & W. R. R. in 1913 and 1914; and of the L. V. R. R. in 1911, which resulted in decreases in their ratios.

These figures indicate clearly the exceptionally remunerative results of the transportation operations of the principal initial anthracite carriers. We find further emphasis on this in considering dividends, the extent of the additions and betterments charged to income and profit and loss, and their profit and loss surplus. In the appendix (p. 336) there is shown a detailed statement of dividends paid by these carriers during the past 20 years. The rates of dividends during the past 10 years are here shown:

	C. R. R. Co. of N. J.	P. & R. Ry. Co.	D., L. & W. R. R. Co.	L. V. R. R. Co. ¹	D. & H. Co.	P. R. R. Co.	N. C. Ry. Co.	Erie R. R. Co. ²	N. Y., S. & W. R. R. Co.	W.-B. & E. R. R. Co.	N. Y., O. & W. Ry. Co.
	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.
1913.....	12	15	20	10	6	6	6	6	6	6	2
1912.....	12	15	55	25	6	6	6	6	6	6	2
1911.....	12	25	20	8	6	6	6	6	6	6	2
1910.....	12	25	* 85	6	6	6	6	6	6	6	2
1909.....	8	25	20	6	6	6	6	6	6	6	2
1908.....	8	30	20	4	6	6	6	6	6	6	2
1907.....	8	30	20	4	6	6	6	4-2	6	6	2
1906.....	8	30	20	4	6	6	6	4-2	6	6	2
1905.....	8	20	18½	3	7	6	6	4-2	6	6	4½
1904.....	8	12	7	.....	7	6	6	4	6	6	.....

¹ Dividend on common stock only.

² The 1904 dividend was on first preferred stock; that for 1905 and 1906 was 4 per cent on first preferred and 2 per cent on second preferred. Of the 1907 dividends, only 2 per cent on first preferred was paid, the balance being credited to profit and loss account in 1908.

³ Includes 15 per cent stock dividend.

The net corporate income of these carriers has enabled them not only to pay the very substantial dividends shown by these figures, but also to set aside large amounts for the purchase of additional property and still have considerable amounts remaining to add to their surplus. The aggregate of the items named are here shown for the 10 years 1904 to 1913.

Carrier.	Dividends.	Additions to property.	Remainder of net corporate income added to surplus.
C. R. R. Co. of New Jersey.....	\$26,335,828	\$23,094,820	\$10,043,888
P. & R. Ry. Co.....	52,144,510	20,729,598	8,022,929
D., L. & W. R. R. Co.....	79,336,686	30,782,739	10,355,253
L. V. R. R. Co.....	37,744,653	13,288,935	21,828,238
D. & H. Co. ¹	11,475,657	.....	5,791,381
P. R. R. Co. ²	100,848,116	42,777,196	9,464,852
N. C. Ry. Co.....	16,562,733	8,106,464	* 3,147,047
Erie R. R. Co.....	9,582,784	10,180,566	23,521,017
N. Y., S. & W. R. R. Co.....	.....	883,337	572,496
W.-B. & E. R. R. Co.....	.....	.....	.....
N. Y., O. & W. Ry. Co.....	10,754,448	1,048,397	212,366

¹ Figures are for three years 1911 to 1913.

² Figures are for four years 1910 to 1913.

³ Represents excess of dividends and additions to property over net corporate income.

As heretofore stated, the density of traffic over the lines of the initial anthracite carriers has increased greatly within the past 10 years. The foregoing figures show that in addition to providing for necessary expenses and charges and for generous dividends, the Central Railroad Company of New Jersey, the Philadelphia & Reading Railway Company, and the Delaware, Lackawanna & Western Railroad Company have set aside from income \$74,607,157 for additions and betterments to their properties. During this period the capital obligations of these carriers have actually decreased, indicating that their net income has not only provided for the necessary maintenance of their properties and for substantial dividends, but has also provided the improvements to the properties necessary to handle the large increase in traffic. The Lackawanna recently has issued capital stock to its shareholders at par to provide funds for large improvements to its property, but the improvements were not available for use during the 10-year period.

The record does not indicate clearly for the other anthracite carriers the proportion of proceeds from their security issues that was applied to improving and enlarging their railway properties. Two of these carriers have made large investments for purposes other than for improvements directly to their railroad properties. In 1905 the Lehigh Valley issued \$19,000,000 in bonds, as we have hereinbefore stated to purchase the mining properties of Coxe Brothers & Company and the Delaware, Susquehanna & Schuylkill Railroad. It also invested \$7,500,000 in 4 per cent bonds of the Lehigh Valley Coal Company. Since 1906 the Delaware & Hudson Company has purchased stocks and bonds of electric railways to the amount of \$15,000,000 and has invested \$6,000,000 in anthracite coal-producing lands in the Schuylkill region.

Many instances have hereinbefore been referred to wherein the carriers have dissipated their revenues in granting concessions, preferences, and advantages to their coal companies.

THE LESS PROSPEROUS ROADS.

The net incomes of the New York, Ontario & Western Railway and the Erie lines—the Erie Railroad, the Wilkes-Barre & Eastern Railroad, and the New York, Susquehanna & Western Railroad—are much lower than the net incomes of the other anthracite carriers. We have hereinbefore mentioned the causes underlying the construction of the Ontario & Western Railway and the New York, Susquehanna & Western-Wilkes-Barre & Eastern joint route, and the limitation of the amount of anthracite coal traffic which they can command. We now give consideration to the property costs and income of the

prosperous roads in comparison with the other anthracite carriers, the following figures, for 1913, are significant:

	Cost of road and equipment per mile of line.	Freight revenue per mile of line.	Total operating revenue per mile of line.	Interest charges per mile of line.
C. R. R. Co. of N. J.....	\$152,080	\$32,308	\$42,016	\$3,264
P. & E. Ry. Co.....	157,782	40,214	49,553	1,900
D. L. & W. R. R. Co.....	195,008	30,928	42,373	7
L. V. R. R. Co.....	140,005	25,311	29,056	2,155
D. & H. Co.....	100,801	23,552	23,115	2,972
P. & E. Ry. Co.....	180,543	33,002	45,101	2,371
N. C. Ry. Co.....		21,105	28,241	770
N. Y., O. & W. Ry. Co.....	110,450	12,926	16,715	2,127
<i>Erie lines:</i>				
Erie R. R. Co.....	199,882	20,185	27,147	4,699
N. Y., S. & W. R. R. Co.....	200,213	13,008	18,954	4,213
W.-B. & E. R. R. Co.....		7,105	7,180	1,624

ERIE RAILROAD COMPANY.

The operating revenues of the Erie Railroad for 1913 averaged \$27,147 per mile of line, as compared with \$22,789 for the Baltimore & Ohio Railroad and \$30,776 for the New York Central & Hudson River Railroad. The operating ratios, that is, the ratios of operating expenses to operating revenues, for these three systems were: Erie, 65.55 per cent; Baltimore & Ohio, 72.65 per cent; New York Central, 73.09 per cent. While 1913 was an unusually good year, the Erie has kept its operating ratio below 70 per cent in all but one of the 10 years 1904 to 1913, the record being:

	Per cent.		Per cent.
1904.....	68.84	1909.....	67.18
1905.....	68.89	1910.....	65.06
1906.....	68.28	1911.....	64.94
1907.....	67.17	1912.....	63.17
1908.....	76.77	1913.....	65.55

For the reasons underlying the Erie's failure to earn satisfactory net income it is necessary to look further than the net operating results. One reason is found in its high capitalization. In 1913 the interest charges on the Erie averaged \$4,699 per mile of line as contrasted with other anthracite carriers, such as Central Railroad of New Jersey, \$3,264; Philadelphia & Reading Railway, \$1,960; Delaware & Hudson Company, \$2,972; Lehigh Valley Railroad, \$2,155; and Pennsylvania Railroad, \$2,371. The Erie's operating revenue per mile of road is considerably lower than that of the last-mentioned carriers. In the *Five Per Cent case*, 31 I. C. C., 351, 362, we said:

The capital obligations shown on the books of the Erie system, for example, amount to \$180,242 per mile of road, including its leased lines. The Pennsylvania system shows a capitalization of \$113,805 per mile, the Baltimore & Ohio system \$129,519 per mile, and the New York Central lines \$109,089 per mile, the weighted average for

the three systems, including their leased lines, being \$114,257 per mile of road. If the capitalization of the Erie were not in excess of the average per mile of these three great systems traversing practically the same territory, the net corporate income of the Erie for the fiscal year 1913 would have provided its stockholders with ample dividends, leaving an abundant "margin of safety," which the carriers are asking for in this proceeding.

NEW YORK, SUSQUEHANNA & WESTERN RAILROAD COMPANY AND WILKES-BARRE & EASTERN RAILROAD COMPANY.

This joint route, which does not own such expensive terminal properties as the Lackawanna, the Reading, and the Pennsylvania lines own, shows a higher cost of property per mile of line than any of the other initial anthracite carriers. Its only extensive terminal properties are the coal docks and yards at Edgewater, N. J. Its operating ratios for the past 10 years have been:

	Per cent.		Per cent.
1904.....	55.42	1909.....	59.3
1905.....	63.91	1910.....	59.6
1906.....	67.31	1911.....	58.4
1907.....	68.41	1912.....	62.5
1908.....	71.45	1913.....	67.9

While in 1913 the New York, Susquehanna & Western Railroad interest charges averaged \$4,218 per mile of line, its operating revenue was but \$18,954 per mile of line. To its overcapitalization and the resulting burden as well as the traffic conditions before described can be ascribed the failure of the New York, Susquehanna & Western Railroad to earn satisfactory net income.

NEW YORK, ONTARIO & WESTERN RAILWAY COMPANY.

This carrier extended its lines into the Wyoming region in 1892. It purchased the stocks of its two coal companies (Scranton Coal Company and Elk Hill Coal & Iron Company) and loaned the companies approximately \$9,875,000 to purchase the coal lands from which it aimed to secure its anthracite coal traffic. As stated by the carrier in its brief:

The properties of these two coal companies are situated in what is known as the Lackawanna end of the Wyoming region, which the expert, Norris, testified was "the down grade" in the matter of production. This, then, was the region which the New York, Ontario & Western entered a little more than 20 years ago and about 10 years ago purchased properties then unappropriated by other interests.

For the year ended June 30, 1913, the Ontario & Western's operating revenue per mile of road was \$16,715, the lowest of any of the anthracite carriers, and its interest charges were \$2,127 per mile of road. Its operating ratio was 68.56 per cent for 1910, 70.26 per cent for 1911, 76.32 per cent for 1912, and 68.74 per cent for 1913. This carrier operates one of the circuitous routes to tidewater, yet

1906, immediately after the passage of the Hepburn act, its operating officials recognized the fact that its coal companies could not pay the established tariff rates on anthracite coal to tidewater, and they proposed to file tariffs effecting a reduction of those rates by 15 cents a ton. Although the Ontario & Western had printed in tariff form the reduced basis of rates, yet it yielded to the persuasion of the other carriers and did not put in effect the lower basis of rates. The evidence clearly shows that prior to 1906 this carrier transported the coal shipped by its coal companies at less than tariff rates, and subsequent to August, 1906, although the tariff rates were charged, the coal companies stopped paying interest on their second mortgage bonds owned by the carrier. The source of income to the Ontario & Western is indicated in the following figures, which are for the year ended June 30, 1913:

Income from—	Amount.	Ratio to total income.
		<i>Per cent.</i>
Local freight revenue.....	\$1,177,623	12.6
Through freight revenue.....	833,812	8.8
Milk freight revenue.....	802,895	8.5
Anthracite coal freight revenue.....	4,651,871	49.2
Passenger service train revenue.....	1,689,674	17.9
Miscellaneous income.....	298,474	3.1
Total.....	9,454,349	100.0

The small volume of its local traffic and the limitations as to the tonnage of the anthracite coal traffic which this carrier can command preclude the possibility of its income ever mounting to the high standard of earnings which result to its more fortunately situated competitors that reach New York harbor.

The evidence shows that \$33,000,000 of the \$58,000,000 stock which this carrier has outstanding represents the issue of securities in excess of the cost of its property, so that the 2 per cent annual dividends paid for the past 10 years are not indicative of earnings on investment.

POSITION OF THE CARRIERS.

The carriers in the present proceeding have submitted that their several lines of railway, with the exception of the Erie and Pennsylvania, were constructed primarily to transport anthracite traffic, and of these two excepted roads important parts were constructed with the same object. Anthracite coal has always remained the principal single element of freight revenue on all the lines so constructed and upon the Erie also. To a large extent other forms of traffic are mere incidents whose value depends upon the fact that they are additional traffic upon railroads already built for different purposes.

In other words, these other forms of traffic are, to a considerable extent, a by-product.

Counsel for the carriers has frankly admitted that the cost of transporting anthracite coal is so low that the revenues resulting from the anthracite coal rates are sufficient not only to pay the costs chargeable to the anthracite traffic, but to take care of the general costs which other traffic can not take care of because of lower rates assessed for the transportation of other traffic; but counsel stated that the actual cost of transporting anthracite, when it could be ascertained, would be higher than the cost computed by the Commission's examiners. In order that the position of the carriers may be clearly understood we quote from counsel's statement, as follows:

At the outset I want to say this, that when cost accounting shall reach a point where it can be scientifically ascertained as to what is the cost of handling a particular article of freight traffic my judgment is that it will be found as to practically all the railroad companies, if not all of them, that the present revenues on anthracite are remunerative revenues, that the particular cost of anthracite is relatively so low that these revenues are sufficient not only to pay the considerable operating cost of anthracite, but to take care of the general costs, both operating and capital cost, which other traffic can not take care of because the rates are necessarily lower on account of commercial conditions.

I do not dispute that, and for this reason: Fully believing that was the case, when I took charge of this case I expressed the opinion that we could not undertake to justify the rates on the ground of cost because I said it is true of these companies as well as of other companies that their heavy traffic which moves in large volume is generally speaking, the traffic which enables them to pay the costs which highly competitive traffic can not pay; therefore I did not think we would get anywhere with that line of argument.

The carriers have stated upon their briefs that "in the end the study of cost accounting reaches the inevitable condition of the railroad business of the United States, that railroad rates must be made with regard to what the traffic can afford to bear."

The experience of shippers and carriers in the past resulted in the enactment of the act to regulate commerce, and the law limits the principles of rate making, at least to the extent that the rates on the low-grade commodities must be just and reasonable to all shippers and not discriminatory. The transportation of this low-grade commodity, anthracite coal, has been termed by these carriers "the backbone traffic." They are engaged in producing and selling, as well as transporting it. We can not overlook the fact that the force has brought the production and sale of most of the tonnage of this commodity under their control. If they established excessive rates on anthracite they became the beneficiaries of conditions which were prejudicial to the business of the individual operator or shipper. The power to fix freight rates on this commodity was the opportunity to confiscate property if the carrier so willed.

It is established in the record that these carriers for many years have found it necessary or expedient to extend, to the coal companies which they own and control, concessions from, and offsets against, their tariff rates on anthracite coal. When by such conduct these carriers have admitted that their tariff rates are excessive exactions on the greater portion of the anthracite tonnage shipped, can we regard their rates as reasonable for the smaller shippers who are not recipients of such concessions or offsets and to whom the tariff rate is a real factor in the distribution of the coal production to the consumer? A number of these coal companies in whose stocks the carriers have invested large sums of money have never paid to the carriers dividends on their stocks. Would these carriers year after year allow their capital to be tied up in that manner if they were receiving no income on such investments? Manifestly the return on such investment accrues to the carrier in extra profits from the freight rates charged on the tonnage shipped by the coal company. But the individual operator or shipper who must compete with the coal company so financed by the carrier obtains none of the profits that are in the freight rates, and freight rates established to produce such extra elements of profits in addition to legitimate transportation costs and profits are fatal to the successful conduct of the business of the individual operator or shipper. If freight rates have not absorbed more than their fair share of the profits of the coal business, why do these carriers guarantee the bonds of their controlled coal companies and why do deficits result from the operations of so many of the controlled coal companies?

In this case, as in the *Five Per Cent case*, the carriers have submitted evidence to show that the rate of return in income on their property investment is declining, that their operating expenses are increasing because of increases in wages, taxes, and prices of materials and supplies, that the return upon new capital invested in their properties during recent years has been inadequate, and that they must in the near future make extraordinary expenditures for the elimination of grade crossings.

Our railroad properties should be kept in a high state of efficiency, and freight rates should be sufficiently remunerative to permit it. Necessary improvements should be made to the properties. The carriers respondents in this case command a traffic of exceptional volume and density, and all these results can be accomplished by them without imposing excessive and unreasonable rates.

Much has been asserted by the carriers as to the uncertainties of their financial outlook, and yet these carriers appear to have financial resources which enable them to provide not only for their transportation requirements, but to make large investments in other properties and to assist their controlled coal companies to obtain capital.

Since 1908 the Delaware & Hudson Company has invested \$15,000,000 in the securities of electric railways and \$6,000,000 in anthracite coal lands. We have heretofore referred to the Erie's bond issue of \$32,000,000 in 1901, representing its investment in the Pennsylvania Coal Company, and the bond issue of the Lehigh Valley Railroad in 1905, representing its investment of \$17,000,000 in the property of Coxe Brothers & Company. We have also referred to the fact that several of these carriers are guarantors of the bonds of the Temple Iron Company. The Central Railroad Company of New Jersey is guarantor of \$16,000,000 bonds issued by the Lehigh & Wilkes-Barre Coal Company, and the Lehigh Valley Railroad Company is guarantor of \$11,500,000 bonds issued by the Lehigh Valley Coal Company. Giving consideration to these matters and to the investments made by these carriers in the stocks and bonds of the coal companies and the unsecured loans and advances they have extended to the coal companies, it is apparent that the capital borrowed by these carriers is not only the capital required for their transportation needs, but also the capital required to mine and market 80 per cent of the 70,000,000 tons of anthracite coal produced annually.

CONCLUSIONS.

The importance of this case can not easily be overstated. The record is so extensive as to forbid a review in detail of the character of much of the evidence introduced. After a careful review of the record we are impressed with the inherent unlawfulness of the rates and practices established by these carriers, which clearly are the outgrowth of past conditions wherein the carriers were producers, shippers, transporters, and vendors of the commodity. If the rates they established for transportation were excessive, it resulted in no hardship to their mining and selling operations because the excessive profits from the transportation services offset the absence of profits in their mining and selling operations, and high rates eliminated the competing shipper from the markets.

If the record in this case were barren of evidence as to income, revenues, and low operating costs resulting from the transportation of this commodity, the mandatory language of the act to regulate commerce would require removal of the unlawful discriminations, preferences, and advantages which have for many years been extended by these carriers to their allied and controlled coal companies and which operate to the prejudice of the individual shippers of this commodity. The conduct of these carriers, extending over a long period of years, in granting to their allied coal companies concessions from, and offsets against, their established tariff rates,

presents very strong evidence that the rates on anthracite coal, which these carriers established, are excessive. Their coal companies ship 80 per cent of the total production, and if a substantial reduction is made in the tariff rates its full effect will fall upon but 20 per cent of the tonnage shipped. If the great purpose of the act to regulate commerce is to be carried out, we must require that such tariff rates on this commodity shall be established as can be maintained on the shipments of all shippers.

The operations of several of these carriers have for many years produced a very large income for their stockholders. Having these results before us in the *Five Per Cent case*, 31 I. C. C., 351, 384, we held:

The financial condition of the various railroads composing the 35 systems varies greatly, as disclosed by their net corporate income as well as by their net operating income. The condition of some of them is so prosperous that they clearly do not need a higher net income; the condition of others is such as to preclude the expectation of a return upon outstanding capital stock or the possibility of raising much additional capital without a thorough reorganization.

Upon consideration of all the facts and circumstances disclosed by the record we are of the opinion and find that the respondent carriers' rates per ton of 2,240 pounds on anthracite coal in carloads from the Wyoming, Lehigh, and Schuylkill regions in the state of Pennsylvania to the following-named points, to wit:

	Prepared sizes.	Sizes smaller than pre- pared sizes.
Rates established by The Delaware, Lackawanna & Western Railroad Company, applicable from all points named on page one (title-page) in The Delaware, Lackawanna & Western Railroad Company's tariff I. C. C. number 8068, to—		
Hoboken City, N. J.....	\$1.00	\$1.45
Paterson, N. J.....	1.60	1.45
Newark, N. J.....	1.60	1.45
Boonton, N. J.....	1.60	1.45
Washington, N. J.....	1.60	1.45
Binghamton, N. Y.....	1.65	1.50
Waverly, N. Y.-Pa.....	1.65	1.50
Elmira, N. Y.....	1.65	1.50
Corning, N. Y.....	1.90	1.65
Bath, N. Y.....	2.00	1.75
Danville, N. Y.....	2.00	1.75
East Bethany, N. Y.....	2.00	1.75
East Lancaster, N. Y.....	2.00	1.75
Syracuse, N. Y.....	1.90	1.65
Utica, N. Y.....	2.00	1.75
Rates established by the Lehigh Valley Railroad Company, applicable from all collieries, washeries, and points named on the second page in the Lehigh Valley Railroad Company's tariff I. C. C. number D-701, to—		
Jersey City, N. J.....	1.00	1.45
Newark, N. J.....	1.00	1.40
Bound Brook, N. J.....	1.55	1.40
Phillipsburg, N. J.—		
From Wyoming region.....	1.45	1.15
From Lehigh and Schuylkill regions.....	1.30	1.00
Waverly, N. Y.....	1.65	1.50
Van Etten, N. Y.....	1.65	1.50
Ithaca, N. Y.....	1.65	1.50
Burdett, N. Y.....	1.65	1.50
Hayt's Corners, N. Y.....	1.90	1.65
Kendale, N. Y.....	1.90	1.65
Geneva, N. Y.....	1.90	1.65
Caledonia, N. Y.....	1.90	1.65
Depew, N. Y.....	2.00	1.75
Rochester, N. Y.....	1.90	1.65

	Prepared since.	Sum made over pre- ceding year.
Rates established by the Erie Railroad Company, applicable from all collieries, washeries, and points on the Erie Railroad specified on page 3 in the Erie Railroad Company's tariff I. C. C. number D-619, to—		
Jersey City, N. J.	\$1.00	2.6
Paterson, N. J.	1.00	1.6
Newark, N. J.	1.00	1.6
Middletown, N. Y.	1.00	1.6
Port Jervis, N. Y.	1.00	1.6
Binghamton, N. Y.	1.65	1.8
Waverly, N. Y.	1.65	1.2
Elmira, N. Y.	1.65	1.3
Corning, N. Y.	1.90	1.6
Hornell, N. Y.	2.00	1.3
Castile, N. Y.	2.00	1.7
Attica, N. Y.	2.00	1.3
Depew, N. Y.	2.00	1.7
Rochester, N. Y.	2.00	1.3
Rates established by The Central Railroad Company of New Jersey, applicable from all collieries, washeries, and points named on page 2 in The Central Railroad Company of New Jersey tariff I. C. C. A number 284, to—		
Jersey City, N. J.	1.00	1.6
Newark, N. J.	1.00	1.6
Elizabeth, N. J.	1.55	1.4
Somerville, N. J.	1.55	1.4
Phillipsburg, N. J.		1.6
From Wyoming region.	1.45	1.5
From Lehigh region.	1.30	1.3
Rates established by The Delaware and Hudson Company, applicable from all points and stations specified on page 2 in The Delaware and Hudson Company's tariff I. C. C. number 11170, to—		
Windsor, N. Y.	1.65	1.6
Nineveh, N. Y.	1.65	1.6
Sidney, N. Y.	1.65	1.6
Well's Bridge, N. Y.	1.65	1.6
Otego, N. Y.	1.65	1.6
Oneonta, N. Y.	1.75	1.3
Colliers, N. Y.	1.75	1.3
Schenectady, N. Y.	1.75	1.3
Worcester, N. Y.	1.75	1.3
Cobleskill, N. Y.	1.75	1.3
Central Bridge, N. Y.	1.85	1.3
Albany, N. Y.	1.95	1.3
Troy, N. Y.	1.95	1.3
Mechanicville, N. Y.	1.95	1.3
Rates applicable on shipments consigned free on board vessels or for reshipment by water.		
Rates established by The Central Railroad Company of New Jersey, applicable from all collieries, washeries, and points named on page 2 in The Central Railroad Company of New Jersey tariff I. C. C. A number 283, to—		
Elizabethport Pier (Elizabethport), N. J.	\$1.55	1.6
Port Johnston, N. J.	1.55	
Communipaw Pier (Jersey City), N. J.	1.60	
Port Liberty, N. J.	1.60	
Rates established by the Philadelphia & Reading Railway Company, applicable from all collieries, washeries, and points named in the Philadelphia & Reading Railway Company's tariff I. C. C. number A-518, to Port Reading, N. J.		
	1.55	
Rates established by the Lehigh Valley Railroad Company, applicable from all collieries, washeries, and points named on the second page in the Lehigh Valley Railroad Company's tariff I. C. C. number D-701, to Perth Amboy, N. J.		
	1.55	
Rates established by the Erie Railroad Company, applicable from all collieries, washeries, and points on the Erie Railroad specified on the second page in the Erie Railroad Company's tariff I. C. C. number D-662, to Weehawken, N. J.		
	1.00	
Joint rates established by the Erie Railroad Company and the New York, Susquehanna & Western Railroad Company, applicable from all collieries, washeries, and points on the Erie Railroad specified on the second page in the Erie Railroad Company's tariff I. C. C. number D-662, to Undercliff, N. J.		
	1.00	
Joint rates established by the Wilkes-Barre & Eastern Railroad Company and the New York, Susquehanna & Western Railroad Company, applicable from all collieries, washeries, and points on the Wilkes-Barre & Eastern Railroad specified in the Erie Railroad Company's tariff I. C. C. number D-662, to Undercliff, N. J.		
	1.00	
Rates established by The Delaware, Lackawanna & Western Railroad Company, applicable from all points named on page one (title-page) in The Delaware, Lackawanna & Western Railroad Company's tariff I. C. C. number 8088, to New York Lighterage Station, N. J.		
	1.35	
Rates established by the New York, Ontario & Western Railway Company, applicable from all points on the New York, Ontario & Western Railway specified on page 3 in the New York, Ontario & Western Railway Company's tariff I. C. C. number 5155, to Weehawken, N. J.		
	1.00	
Joint rates established by The Delaware and Hudson Company, the Erie Railroad Company, and the New York, Susquehanna & Western Railroad Company, from all collieries and washeries at points and stations on The Delaware and Hudson Company specified on the second page in the Erie Railroad Company's tariff I. C. C. number D-662, to Weehawken, N. J., and Undercliff, N. J.		
	1.00	

	Prepared sizes.	Sizes smaller than prepared sizes.
<i>Rates applicable on shipments consigned free on board vessels or for reshipment by water—Continued.</i>		
Joint rates established by The Delaware and Hudson Company, and the New York, Ontario & Western Railway Company, from all collieries and washeries at points and stations on The Delaware and Hudson Company specified on the second page in The Delaware and Hudson Company's tariff I. C. C. number 12077, to Weehawken, N. J.	\$1.60	\$1.45
Joint rates established by The Delaware and Hudson Company, The Delaware, Lackawanna & Western Railroad Company, The Pennsylvania Railroad Company, and The Northern Central Railway Company, from all collieries, washeries, and points on The Delaware and Hudson Company and The Delaware, Lackawanna & Western Railroad specified on page 2 in The Pennsylvania Railroad Company's tariff AA-I. C. C. number 551, to South Amboy, N. J.	1.55	1.40

are, and for the future will be, excessive and unreasonable in and to the extent that they exceed the rates per ton of 2,240 pounds on anthracite coal in carloads named in the following tables, to wit:

	Prepared sizes.	Fee size and smaller sizes.
<i>Rates for transportation by The Delaware, Lackawanna & Western Railroad Company from all points named on page one (title-page) in The Delaware, Lackawanna & Western Railroad Company's tariff I. C. C. number 8088, to—</i>		
Hoboken City, N. J.	\$1.45	\$1.35
Paterson, N. J.	1.35	1.22
Newark, N. J.	1.40	1.30
Boonton, N. J.	1.20	1.09
Washington, N. J.	.95	.86
Binghamton, N. Y.	.90	.82
Waverly, N. Y.—Pa.	1.15	1.05
Elmira, N. Y.	1.25	1.14
Corning, N. Y.	1.35	1.17
Bath, N. Y.	1.45	1.27
Dansville, N. Y.	1.60	1.40
East Bethany, N. Y.	1.75	1.53
East Lancaster, N. Y.	1.90	1.66
Syracuse, N. Y.	1.40	1.22
Utica, N. Y.	1.50	1.31
<i>Rates for transportation by the Lehigh Valley Railroad Company from all collieries, washeries, and points named on the second page in the Lehigh Valley Railroad Company's tariff I. C. C. number D-701, to—</i>		
Jersey City, N. J.	1.45	1.35
Newark, N. J.	1.40	1.30
Bound Brook, N. J.	1.25	1.13
Phillipsburg, N. J.—		
From Wyoming region	.95	.78
From Lehigh and Schuylkill regions	.85	.68
Waverly, N. Y.	1.15	1.05
Van Etten, N. Y.	1.30	1.18
Ithaca, N. Y.	1.45	1.32
Burdett, N. Y.	1.45	1.32
Hayt's Corners, N. Y.	1.55	1.35
Kendals, N. Y.	1.55	1.35
Geneva, N. Y.	1.60	1.39
Caledonia, N. Y.	1.80	1.56
Duport, N. Y.	1.95	1.71
Rochester, N. Y.	1.85	1.61
<i>Rates for transportation by the Erie Railroad Company from all collieries, washeries, and points on the Erie Railroad specified on page 3 in the Erie Railroad Company's tariff I. C. C. number D-619, to—</i>		
Jersey City, N. J.	1.45	1.35
Paterson, N. J.	1.25	1.22
Newark, N. J.	1.40	1.30
Middletown, N. Y.	1.05	.95
Port Jervis, N. Y.	.90	.82
Binghamton, N. Y.	.90	.82
Waverly, N. Y.	1.15	1.05
Elmira, N. Y.	1.25	1.14
Corning, N. Y.	1.35	1.17
Hornell, N. Y.	1.60	1.40
Castile, N. Y.	1.75	1.53
Attica, N. Y.	1.85	1.62
Duport, N. Y.	1.95	1.71
Rochester, N. Y.	1.85	1.61

	Prepared sizes.	Pen size and smaller size.
Rates for transportation by The Central Railroad Company of New Jersey from all collieries, washeries, and points named on page 2 in The Central Railroad Company of New Jersey tariff I. C. C. A number 284, to—		
Jersey City, N. J.	\$1.45	\$1.35
Newark, N. J.	1.40	1.30
Elizabeth, N. J.	1.40	1.30
Somerville, N. J.	1.20	1.09
Phillipsburg, N. J.—		
From Wyoming region.	.95	.75
From Lehigh region.	.85	.63
Rates for transportation by The Delaware and Hudson Company from all points and stations specified on page 2 in The Delaware and Hudson Company's tariff I. C. C. number 11170, to—		
Windsor, N. Y.	.85	.72
Nineveh, N. Y.	.90	.76
Sidney, N. Y.	1.00	.88
Well's Bridge, N. Y.	1.10	.97
Otego, N. Y.	1.10	.97
Oneonta, N. Y.	1.20	1.03
Collers, N. Y.	1.20	1.03
Schenectady, N. Y.	1.25	1.07
Worcester, N. Y.	1.25	1.07
Cobleskill, N. Y.	1.35	1.16
Central Bridge, N. Y.	1.45	1.25
Albany, N. Y.	1.60	1.31
Troy, N. Y.	1.60	1.31
Mechanicville, N. Y.	1.60	1.31
<i>Rates applicable on shipments consigned free on board vessels or for reshipment by water.</i>		
Rates for transportation by The Central Railroad Company of New Jersey from all collieries, washeries, and points named on page 2 in The Central Railroad Company of New Jersey tariff I. C. C. A number 332, to—		
Elizabethport Pier (Elizabethport), N. J.	1.40	1.30
Port Johnston, N. J.	1.40	1.30
Communipaw Pier (Jersey City), N. J.	1.45	1.35
Port Liberty, N. J.	1.45	1.35
Rates for transportation by the Philadelphia & Reading Railway Company from all collieries, washeries, and points named in the Philadelphia & Reading Railway Company's tariff I. C. C. number A-518, to Port Reading, N. J.		
	1.40	1.30
Rates for transportation by the Lehigh Valley Railroad Company from all collieries, washeries, and points named on the second page in the Lehigh Valley Railroad Company's tariff I. C. C. number D-701, to Perth Amboy, N. J.		
	1.40	1.30
Rates for transportation by the Erie Railroad Company from all collieries, washeries, and points on the Erie Railroad specified on the second page in the Erie Railroad Company's tariff I. C. C. number D-662, to Weehawken, N. J.		
	1.45	1.35
Joint rates for transportation by the Erie Railroad Company and the New York, Susquehanna & Western Railroad Company from all collieries, washeries, and points on the Erie Railroad specified on the second page in the Erie Railroad Company's tariff I. C. C. number D-662, to Undercliff, N. J.		
	1.45	1.35
Joint rates for transportation by the Wilkes-Barre & Eastern Railroad Company and the New York, Susquehanna & Western Railroad Company from all collieries, washeries, and points on the Wilkes-Barre & Eastern Railroad specified in the Erie Railroad Company's tariff I. C. C. number D-662, to Undercliff, N. J.		
	1.45	1.35
Rates for transportation by The Delaware, Lackawanna & Western Railroad Company from all points named on page one (title-page) in The Delaware, Lackawanna & Western Railroad Company's tariff I. C. C. number 8088, to New York Lighterage Station, N. J.		
	1.45	1.35
Rates for transportation by the New York, Ontario & Western Railway Company from all points on the New York, Ontario & Western Railway specified on page 3 in the New York, Ontario & Western Railway Company's tariff I. C. C. number 5155, to Weehawken, N. J.		
	1.45	1.35
Joint rates for transportation by The Delaware and Hudson Company, the Erie Railroad Company, and the New York, Susquehanna & Western Railroad Company, from all collieries and washeries at points and stations on The Delaware and Hudson Company specified on the second page in the Erie Railroad Company's tariff I. C. C. number D-662, to Weehawken, N. J., and Undercliff, N. J.		
	1.45	1.35
Joint rates for transportation by The Delaware and Hudson Company and the New York, Ontario & Western Railway Company, from all collieries and washeries at points and stations on The Delaware and Hudson Company specified on the second page in The Delaware and Hudson Company's tariff I. C. C. number 12077, to Weehawken, N. J.		
	1.45	1.35
Joint rates for transportation by The Delaware and Hudson Company, The Delaware, Lackawanna & Western Railroad Company, The Pennsylvania Railroad Company, and The Northern Central Railway Company, from all collieries, washeries, and points on The Delaware and Hudson Company and The Delaware, Lackawanna & Western Railroad specified on page 2 in The Pennsylvania Railroad Company's tariff AA-I. C. C. number 551, to South Amboy, N. J.		
	1.40	1.30

An order will be issued in accordance with the conclusions herein expressed.

To all points intermediate or related to the points specified herein the carriers will be required to establish rates in harmony with those here prescribed, giving due consideration to distance.

Several of the respondent carriers have granted the exclusive use of some of their piers, docks, storage plants, retail delivery trestles, and other properties to their allied coal companies at inadequate rental charges and under conditions which constitute substantial discrimination in favor of such coal shippers. The exclusive right to operate certain of the carriers' public docks and piers has also been granted to such coal companies who in operating such properties gain information as to the shipments of their competitors, handled over the docks and piers, which section 15 of the Act to regulate commerce prohibits common carriers from giving to shippers and prohibits shippers from receiving from common carriers. It has often been held that it is the object of the Interstate Commerce Act and the Elkins Act to prevent favoritism by any means or device whatsoever and to place all shippers upon equal terms. *United States v. Union Stock Yards Co.*, 226 U. S., 286; *Southern Pacific Terminal case*, 219 U. S., 498; *Tap Line cases*, 234 U. S., 1, 28; *Phillips v. Grand Trunk Ry.* 236 U. S., 662. We assume the carriers will at once adjust these practices to remove the discrimination and conform with the requirements of the law.

The evidence shows that several of these carriers have in the past declined to establish joint rates for all shippers, while the coal production of their allied coal companies has been accorded an interline movement by means of trackage arrangements and the free transportation to junction points of the coal production exchanged by the coal companies controlled by the carriers. Such a practice is unlawful and is discriminatory in its worst sense, since the discrimination results to the benefit of the carriers. The carriers will be required to establish through routes and to publish joint rates, of which other shippers may avail, such as will neutralize any such undue benefit heretofore enjoyed by the coal operations of railroad ownership.

HARLAN, *Commissioner*, dissenting:

In June, 1911, upon a voluminous record in *Meeker & Co. v. L. V. R. R. Co.*, 21 I. C. C., 129, affirmed in 236 U. S., 412, we condemned the rates on anthracite coal from the Wyoming coal fields of Pennsylvania to tidewater and fixed reasonable rates for the future. Under ordinary circumstances and in the absence of any showing of changed conditions there would be no objection to the acceptance at this time of that basis as a general standard for fixing rates to tidewater, and also as a foundation upon which to construct rates to interior points. But three years later in *The Five Per Cent case*, 31 I. C. C., 351, and upon an exhaustive showing of their financial condition by all the carriers operating in official classification territory, we found, because of the growing increase in operating costs, interest values, and for other reasons, that the carriers in that territory were in need of additional revenues. Upon that finding and in a subsequent supplemental report in the same proceedings, 32 I. C. C., 325, we authorized in that territory an increase by 5 per cent in the general level of rates on practically all traffic. The rates on anthracite coal were excepted, as expressly stated in the report, because those rates were under consideration on the record before us here. In dissenting to the supplemental report (*id.*, p. 332), I explained that I was unable to accept the principle that a horizontal increase in rates was lawful without some further test as to the reasonableness of the rates so constructed; and I expressed the view that by following the suggestions of the original report the carriers could procure the required revenue and at the same time would put their general rate structure on a sounder and more satisfactory basis and eliminate from it the inconsistencies and discriminations then admitted to exist, many of which, as illustrated by the record before us in this case, have not since been removed. Nevertheless, the Commission having authorized a general horizontal increase of 5 per cent with respect to practically all other traffic, it seems to me inconsistent, if not discriminatory, now to take the level of rates, prescribed three years previously in *Meeker & Co. v. L. V. R. R. Co.*, *supra*, as a basis for rates in the future on anthracite coal without taking into consideration the advances allowed in the general rate structure throughout this territory in *The Five Per Cent case*. In view of the course ultimately taken in that proceeding no commodity should be relieved from bearing its proportion of the increased revenues found to be required.

In my judgment the record before us here justifies a modification of many of the present rates, but for the future a rate structure on anthracite coal based upon the general standard of the *Meeker case* surcharged, so far as that would result in a reasonable rate schedule with the 5 per cent increase that has been imposed in *The Five Per Cent case* upon substantially all other traffic in official classification territory would seem to be a more consistent disposition of the case.

APPENDIX.

The order of the Commission under date of June 10, 1912, reads in part as follows:

It appearing, That the rates, practices, rules, and regulations governing the transportation of anthracite coal have been the subject of formal and informal complaints to the Commission:

It is ordered, That an inquiry be, and the same hereby is, instituted by the Commission on its own motion into the rates, practices, rules, and regulations of common carriers governing the transportation of anthracite coal from producing fields to all points in the United States east of the Mississippi River and north of the Ohio and Potomac Rivers, known as official classification territory, including domestic and export rates and shipside or bunker coal rates to tidewater and lake ports.

It is further ordered, That said inquiry shall ascertain whether the coal is mined or produced by or under the authority of common carriers engaged in the transportation thereof, or whether common carriers own in whole or in part any mine or mines producing anthracite coal which they transport or whether common carriers are directly or indirectly interested in any mine or mines producing anthracite coal which they transport.

It is further ordered, That this proceeding and inquiry be conducted with a view to the issuance of an order or orders requiring such respondents to cease and desist from charging, demanding, collecting, or receiving rates and charges for and from enforcing their practices, rules, and regulations governing the transportation of anthracite coal from points of origin herein named to destinations herein referred to, in so far as the same may be found to be unlawful, and requiring such respondents to substitute and thereafter to put in force and effect such rates, rules, practices, and regulations relative to the transportation of anthracite coal as aforesaid as may be found just and reasonable, and not unjustly discriminatory, including such joint and proportional rates as in the opinion of the Commission should be established from points of origin to the various destinations referred to.

Eleven carriers, the initial anthracite carriers whose lines of railway extend into the producing regions and reach the collieries therein, were required to furnish special reports as to their anthracite coal transportation operations and appeared before the Commission at the hearings conducted in this case. The revenue earned by these 11 respondents from the transportation of anthracite coal amounted to \$96,516,183 for the year ended June 30, 1913.

The 11 anthracite carriers and the relative importance of their anthracite coal traffic and the relative proportion of their anthracite coal revenue and other operating revenues are indicated in the following:

Year ended June 30, 1913.	Net tons.	Ratio to total tonnage.	Revenue.	Ratio to total freight revenue.	Ratio to total operating revenue.
The Central R. R. Co. of New Jersey:		<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>
Anthracite coal.....	10,783,014	31.5	\$10,081,112	46.0	35.5
Other freight.....	23,426,308	68.5	11,822,333	54.0	41.6
Philadelphia & Reading Ry. Co.:					
Anthracite coal.....	14,403,303	24.4	13,359,972	32.6	28.4
Other freight.....	44,599,706	75.6	27,673,492	67.4	54.8
The Delaware, Lackawanna & Western R. R. Co.:					
Anthracite coal.....	10,408,262	41.9	14,737,580	49.8	36.4
Other freight.....	14,420,826	58.1	14,890,858	50.2	36.7
The Delaware & Hudson Co.:					
Anthracite coal.....	9,100,015	44.8	9,842,067	49.0	41.0
Other freight.....	11,282,335	55.2	10,262,260	51.0	42.8
Lehigh Valley R. R. Co.:					
Anthracite coal.....	14,722,940	45.5	18,556,161	50.5	43.1
Other freight.....	17,634,847	54.5	18,168,977	49.5	42.2
The Pennsylvania R. R. Co.:					
Anthracite coal.....	11,019,787	7.7	8,551,817	6.4	4.7
Other freight.....	131,545,444	92.3	124,501,216	93.6	68.5
The Northern Central Ry. Co.:					
Anthracite coal.....	6,183,035	26.0	2,346,420	23.5	17.6
Other freight.....	17,614,809	74.0	7,618,800	76.5	57.1
Erie Railroad Co.:					
Anthracite coal.....	10,135,940	25.3	12,848,977	32.0	23.8
Other freight.....	29,801,648	74.7	27,371,624	68.0	56.8

Year ending June 30, 1913.	Net tons.	Ratio to total tonnage.	Revenue.	Ratio to total freight revenue.	Ratio to total operating revenue.
New York, Susquehanna & Western R. R. Co.:		<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>
Anthracite coal.....	3,488,719	64.7	\$976,931	48.6	33.4
Other freight.....	1,899,649	35.3	1,031,718	51.4	26.2
Wilkes-Barre & Eastern R. R. Co.:					
Anthracite coal.....	1,306,662	80.9	563,746	85.9	85.0
Other freight.....	308,138	19.1	92,503	14.1	14.0
New York, Ontario & Western Ry. Co.:					
Anthracite coal.....	4,501,296	70.2	4,651,871	63.6	48.3
Other freight.....	1,908,522	29.8	2,669,266	36.4	28.1

The Reading Company, a holding company, owns the entire capital stock of the Philadelphia & Reading Railway Company and a majority of the capital stock of the Central Railroad Company of New Jersey. The Erie Railroad Company owns the entire capital stock of the New York, Susquehanna & Western Railroad Company, and the New York, Susquehanna & Western Railroad Company owns the entire capital stock of the Wilkes-Barre & Eastern Railroad Company, so that these may be regarded as Erie lines.

The Pennsylvania Railroad Company owns a majority of the stock of the Northern Central Railway Company, and practically controls its operations.

For the purpose of this investigation, the Commission, by its order under date of December 23, 1912, required the 11 initial anthracite coal carrying railroad companies to render exhaustive reports in great detail as to their operations. The coal companies engaged in mining and selling anthracite coal, whose capital stocks are to a large extent owned by the initial anthracite carriers, have also submitted, at the Commission's request, reports as to their financial condition and operating results.

The Commission's examiners made an extensive examination of the accounts and records of the initial anthracite carriers, in the carriers' offices, and the results of their examinations were submitted in evidence during the hearings.

Transportation expenses arising from the transportation of anthracite coal over the railway lines of the Central Railroad Company of New Jersey from the mines to tidewater (Morgan Exhibit No. 41) were compiled by the Commission's examiners. Terminal handling costs arising from the transportation of anthracite coal on the Port Reading Railroad (Morgan Exhibit No. 15), and part of the transportation costs arising from the transportation of anthracite coal from mines to tidewater on the Delaware, Lackawanna & Western Railroad (Morgan Exhibit No. 42) were compiled by the Commission's examiners and are part of the record in this case.

THE ANTHRACITE PRODUCING REGION.

The extent and geographical location of the anthracite coal fields of the United States are described in the Government publications, as follows:

There is probably no other commodity entering into human consumption which possesses so much the character of a natural monopoly as the anthracite coal of Pennsylvania. The only other known deposits of anthracite coal of economic value in the United States are in Colorado and New Mexico, but these are all comparatively insignificant, yielding less than 100,000 tons annually. Practically, therefore, the entire source of supply of this fuel is confined to an area of 496 square miles, in nine counties in the state of Pennsylvania. Of these nine counties, five—i. e., Lackawanna, Luzerne, Schuylkill, Northumberland, and Carbon—produce 96 per cent of the total output. The four less important producing counties are Susquehanna, Dauphin, Columbia, and Sullivan. (Bulletin 46, May, 1903, Department of Labor, Report of Anthracite Coal Strike Commission, p. 443.)

The coal areas of the United States are divided, for the sake of convenience, into two great divisions—anthracite and bituminous. The areas in which anthracite is produced are confined almost exclusively to the eastern part of Pennsylvania, and as a usual thing, when the anthracite fields of the United States are referred to, those of eastern Pennsylvania are considered. This region is included in the counties of Susquehanna, Lackawanna, Luzerne, Carbon, Schuylkill, Columbia, Northumberland, Dauphin, and Sullivan, and underlies an area of about 484 square miles. In addition to these well-known anthracite fields of Pennsylvania there are two small areas in the Rocky Mountain region where the coal has been locally anthracitized, although the production from these districts has never amounted to as much as 100,000

tons in any one year. One of these localities is in Gunnison county, Colo., and the other in Santa Fe county, N. Mex. The coal, although only locally metamorphosed, is a true anthracite and of good quality. In previous years some coal which was classed as anthracite was mined and sold in New England. The productive area was confined to the eastern part of Rhode Island, and the counties of Bristol and Plymouth, in Massachusetts. This product, however, is in reality a graphitic and not an anthracite coal, and is no longer mined for fuel purposes. The production in the last few years has been included with the graphite production. (Mineral Resources of the United States, 1902, United States Geological Survey, p. 291.)

The anthracite coal-producing fields are divided into three trade regions. These regions, with their local districts and the coal fields or basins, are indicated in the following table:

Coal field or basin.	Local district.	Trade region.
Northern.....	Carbondale..... Scranton..... Pittston..... Wilkes-Barre..... Plymouth..... Kingston.....	Wyoming.
Eastern middle.....	Green Mountain..... Black Creek..... Hasleton..... Beaver Meadow..... Panther Creek.....	
Southern.....	East Schuylkill..... Western Schuylkill..... Lorberry..... Lykens Valley.....	
Western middle.....	East Mahanoy..... West Mahanoy..... Shamokin.....	

The tonnage (gross tons) of anthracite coal shipped from the three regions is shown in the following table:

Year.	Schuylkill region.		Lehigh region.		Wyoming region.		Total quantity.
	Quantity.	Per cent.	Quantity.	Per cent.	Quantity.	Per cent.	
820.....			365				365
830.....	89,984	51.50	11,750	23.90	43,000	24.60	174,734
840.....	490,596	56.75	225,313	26.07	148,470	17.18	864,379
850.....	1,840,620	54.80	690,456	20.56	827,823	24.64	3,358,899
860.....	3,749,632	44.04	1,521,674	21.40	2,941,817	34.56	8,613,123
870.....	4,908,157	30.70	3,239,374	20.02	7,974,660	49.28	16,182,191
880.....	7,554,742	32.23	4,493,221	19.06	11,419,279	48.72	23,437,242
890.....	10,867,822	29.68	6,329,658	17.28	19,417,979	53.04	36,615,459
900.....	13,502,732	29.94	6,918,627	15.33	24,686,125	54.73	45,107,484
905.....	17,703,099	28.38	7,849,205	12.78	35,867,897	58.39	61,410,201
908.....	16,011,285	28.76	7,046,617	12.65	32,640,688	58.60	55,698,595
907.....	20,141,288	30.01	8,730,553	12.41	38,688,452	57.58	67,109,393
908.....	18,036,464	27.35	7,735,255	12.04	38,872,285	60.11	64,665,014
909.....	16,864,147	27.21	7,532,271	12.16	37,573,467	60.63	61,969,885
910.....	17,845,020	27.40	8,027,530	13.29	38,433,227	59.22	64,905,786
911.....	19,275,369	27.70	9,775,018	13.97	40,806,912	59.33	69,957,299
912.....	18,013,406	28.32	8,671,861	13.47	37,025,311	58.21	63,610,578
913.....	19,338,870	28.00	9,347,583	13.63	40,388,175	58.47	69,069,628

In addition to the tonnage shipped as shown in the table next preceding, the following tonnage of anthracite coal was shipped from washeries, in tons of 2,240 pounds. Figures are not available showing apportionment to regions:

Year.	Tons.	Year.	Tons.
1904.....	2,800,466	1909.....	3,694,470
1905.....	2,644,045	1910.....	3,296,318
1906.....	3,846,501	1911.....	3,171,678
1907.....	4,301,082	1912.....	3,155,150
1908.....	3,646,250	1913.....	2,090,170

In connection with these figures concerning production, the following statement relative to unmined anthracite coal and the possible exhaustion of the producing regions is of interest.

According to the estimates of the Pennsylvania geological survey, the amount of workable anthracite coal originally in the ground was 19,500,000,000 tons. The production to the close of 1901, as previously stated, amounted to 1,350,000,000 long tons, which would indicate that there remained still available a total of 18,150,000,000 tons. Unfortunately, however, for every ton of coal mined and marketed it was, approximately, are either wasted or left in the ground as pillars for the protection of the workings, so that the actual yield of the beds is only about 40 per cent of the contents. Upon this basis the exhaustion to date has amounted to 3,375,000,000 tons. Deducting this from the original deposits, the amount of anthracite remaining in the ground at the close of 1901 is found to be, approximately, 16,125,000,000. Upon the basis of 40 per cent recovery, this would yield 6,450,000,000 long tons. The total production in 1901 was 60,242,560 long tons. If this rate of production were to continue steadily, the fields would become exhausted in just about one hundred years. (Bulletin 46, May, 1903, Department of Labor, Report of Anthracite Coal Strike Commission, p. 447.)

The following figures indicate the markets and the destinations to which the anthracite coal was transported during the year ended June 30, 1912:

Transported to—	L. V. R. R.	Erie R. R.	N. Y., E. & W. R. R. and W. B. & E. R. R.	C. & P. Co. of N. J.
Tidewater.....	1,797,737	544,135	2,011,903	2,534,76
New England gateways.....	720,211	360,634		1,040,53
Western termini of trunk lines for beyond.....	1,355,023	1,059,789		
Local points (excluding storage plants) ¹	2,890,290	1,914,724	610,100	2,734,13
Great Lakes ports.....	837,560	675,968		
Junction points to other than anthracite carriers.....	1,185,100	418,736	1,156	627,53
Total.....	8,780,008	4,976,968	2,623,309	7,002,10
To and from storage plants:				
Total dumped.....	1,693,534	207,735	284,280	211,08
Total lifted.....	2,002,183	343,894	280,370	441,12
Balance.....	-308,649	-136,159	2,919	-228,13
Other anthracite carriers.....	1,900,969			
Total tonnage.....	10,381,328	4,840,827	2,627,228	7,573,35

Transported to—	P. & R. Ry.	N. Y., O. & W. Ry.	D., L. & W. R. R.
Tidewater.....	1,884,594	1,449,927	2,085,10
New England gateways.....	279,975	521,317	1,125
Western termini of trunk lines for beyond.....		135,870	1,445,51
Local points (excluding storage plants) ¹	636,382	354,585	2,451,70
Great Lakes ports.....	274,230	293,536	1,074,30
Junction points to other than anthracite carriers.....	1,657,554	750,645	684,10
Total.....	4,632,735	3,505,880	7,321,25
To and from storage plants:			
Total dumped.....		204,192	30,35
Total lifted.....		248,218	12,30
Balance.....		-44,026	28,05
Philadelphia & Reading system including port Richmond tide.....	5,498,241		
Miscellaneous—State and interstate.....	1,003,909		
Total tonnage.....	11,224,945	3,461,854	7,387,35

Total tonnage transported by above carriers..... 47,008,00

Total tonnage transported by Pennsylvania R. R. Co..... 9,451,00

Total tonnage transported by Delaware & Hudson Co..... 8,000,00

Total tonnage transported..... 65,159,00

¹ Includes Erie Railroad tonnage.

² Including coal for local consumption at Jersey City, Hoboken, Newark, Philadelphia, and all other points adjacent to tidewater as well as all other local points.

The total tonnage shipped differs from the total tonnage shown in other tables because of shipments to and from storage.

The tonnage of anthracite coal shipped in each month of the past five years was as follows:

Month.	1909	1910	1911	1912	1913
January.....	5,183,345	5,306,618	5,904,117	5,763,096	6,336,419
February.....	4,576,004	5,031,784	5,070,948	5,875,968	5,674,169
March.....	6,332,474	5,174,166	5,996,894	6,369,687	4,909,286
April.....	5,891,178	6,224,396	5,804,915	1,266,625	5,866,196
May.....	5,663,873	5,679,861	6,317,352	1,429,357	5,995,742
June.....	4,904,358	4,398,123	6,215,357	6,191,846	5,970,047
July.....	4,920,785	4,202,069	4,804,065	6,285,153	5,487,852
August.....	4,198,373	4,996,044	5,531,796	6,576,591	5,369,800
September.....	4,116,120	4,967,516	5,730,935	5,876,466	5,572,279
October.....	5,579,759	5,622,095	6,269,179	6,665,321	6,388,194
November.....	6,027,800	6,071,746	6,193,314	6,165,536	5,786,331
December.....	5,775,438	6,231,578	6,115,427	5,944,502	6,662,618
Total.....	61,069,885	64,905,786	69,954,299	63,610,578	69,069,628

The following tables show the distribution, by sizes, of anthracite coal which was transported by the respondents during the year ended June 30, 1912, to points shown below:

	Prepared.	Pea.	Buckwheat.	Smaller than buckwheat.
Central R. R. Co. of N. J.:	<i>Gross tons.</i>	<i>Gross tons.</i>	<i>Gross tons.</i>	<i>Gross tons.</i>
Tidewater.....	2,138,058	399,596	252,769	46,328
Philadelphia & Reading Ry. Co.:				
Tidewater (Port Reading).....	803,042	120,510	336,504	620,575
Chicago, Peoria, and St. Louis.....	266,003	859		78
Buffalo and west, excepting Chicago, Peoria, and St. Louis, and lake shipments.....	358,215	9,432	1,356	435
Buffalo lake.....	379,961	248		
Delaware, Lackawanna & Western R. R. Co.:				
Tidewater.....	528,496	137,690	311,108	1,108,863
Western terminal of trunk lines for beyond—				
Chicago, Peoria, and St. Louis.....	275,876	6,836		
Other than Chicago, Peoria, and St. Louis.....	1,128,469	34,223	1,336	3,172
Great Lakes ports—				
On Lake Erie.....	1,173,828	53,412	24,550	
On Lake Ontario.....	222,818	2,289		
Lehigh Valley R. R. Co.:				
Tidewater.....	1,380,261	128,307	177,442	111,787
Western terminal of trunk lines for beyond—				
Chicago, Peoria, and St. Louis.....	274,238	8,309	24	
Other than Chicago, Peoria, and St. Louis.....	1,036,375	32,437	589	4,041
Great Lakes ports—				
On Lake Erie.....	734,233	8,556	20,434	
On Lake Ontario.....	69,620	4,426		
Erie R. R. Co.:				
Tidewater.....	129,038	20,998	7,655	170,049
Hudson River ports.....	164,097	25,966	25,618	714
Western terminal of trunk lines for beyond—				
Chicago, Peoria, and St. Louis.....	758,370	23,825		
Other than Chicago, Peoria, and St. Louis.....	267,167	9,988	411	28
Great Lakes ports:				
On Lake Erie.....	672,238	6,730		
The tonnage of the Wilkes-Barre & Eastern R. R. and the New York, Susquehanna & Western R. R. to tidewater was.....	984,772	161,588	136,919	728,713
New York, Ontario & Western Ry. Co.:				
Tidewater.....	600,682	172,634	166,906	170,258
Hudson River ports.....	204,173	30,504	17,771	75,696
Western terminal of trunk lines for beyond—				
Chicago, Peoria, and St. Louis.....	22,544	1,853		
Other than Chicago, Peoria, and St. Louis.....	109,824	2,147		
Great Lakes ports—				
On Lake Ontario.....	286,006	6,471	38	1,019

The following table shows the origin and distribution, by sizes, of anthracite coal which was transported by the Pennsylvania Railroad Company and the Northern Central Railway Company to several important destinations during the 11 months, April 1, 1913, to March 1, 1914:

From—	To New York division, including Jersey City, local, and far beyond.		
	Prepared.	Pea.	Smaller.
Wyoming Region:	<i>Gross tons.</i>	<i>Gross tons.</i>	<i>Gross tons.</i>
Mines on P. R. R.	70,420	4,353	148,380
Mines on D. & H. Co.	107,273	9,085	16,182
Mines on D. L. & W. R. R.	14,246	456	1,461
Schuylkill Region:			
Shamokin district.	57,035	22,897	41,781
Lykens Valley district.	26,537	371	3,185
Pottsville district.	27,806	419	15,719
Mines on P. & R. Ry. via Philadelphia.		12,808	
Lehigh Region.	68,431	15,374	14,447
From—	To South Amboy for transshipment.		
	Prepared.	Pea.	Smaller.
Wyoming Region:	<i>Gross tons.</i>	<i>Gross tons.</i>	<i>Gross tons.</i>
Mines on P. R. R.	232,849	19,273	98,067
Mines on D. & H. Co.	4,154	455	3,085
Mines on D. L. & W. R. R.			20
Schuylkill Region:			
Shamokin district.	268,855	5,983	49,087
Lykens Valley district.	98,200	1,606	
Pottsville district.	180,174	14,772	62,719
Lehigh Region.	504	162	19
From—	To Baltimore (track).		
	Prepared.	Pea.	Smaller.
Wyoming Region:	<i>Gross tons.</i>	<i>Gross tons.</i>	<i>Gross tons.</i>
Mines on P. R. R.	56,799	10,520	5
Mines on D. & H. Co.	33,836	6,834	7
Mines on D. L. & W. R. R.	6,169	3,653	5
Schuylkill Region:			
Shamokin district.	12,153	1,145	6
Lykens Valley district.	22,946	326	
Pottsville district.	14,348	1,538	
Mines on P. & R. Ry. via Philadelphia.	83		
Mines on P. & R. Ry. via Thurlow.	89,537	6,664	1,776
Lehigh Region.	26,368	225	4
From—	To Baltimore (Boston street pier) for transshipment.		
	Prepared.	Pea.	Smaller.
Wyoming Region:	<i>Gross tons.</i>	<i>Gross tons.</i>	<i>Gross tons.</i>
Mines on P. R. R.	60,402	1,159	
Mines on D. & H. Co.	51,980	237	
Mines on D. L. & W. R. R.	1,939	163	
Schuylkill Region:			
Shamokin district.	12,193	41	
Lykens Valley district.	6,608		
Pottsville district.	18,490	163	
Lehigh Region.	4,563		

From—	To Buffalo, N. Y.		
	Prepared.	Pea.	Smaller.
Wyoming Region:	<i>Gross tons.</i>	<i>Gross tons.</i>	<i>Gross tons.</i>
Mines on P. R. R.....	63,307	4,140	730
Mines on D. & H. Co.....	50,919	1,950	29
Mines on D. L. & W. R. R.....	2,549	119	29
Schuylkill Region:			
Shamokin district.....	64,830	2,229	165
Lykens Valley district.....	304		
Pottsville district.....	4,785		36
Lehigh Region	214		33

The anthracite coal deposits are situated in a mountainous region of Pennsylvania, where heavy grades are encountered in supplying the collieries with empty cars and transporting the coal from the collieries. To market anthracite coal requires a haul of approximately but 125 to 200 miles to reach New York harbor, 410 miles to reach Boston, and the most densely populated section of the New England states, 110 miles to reach Philadelphia and its populous surrounding district, 190 miles to reach Baltimore, 300 miles to reach Buffalo and Rochester and their lake lines of transportation, and 290 miles to reach Pittsburgh and its large industrial district.

Cars are loaded directly from the breakers by passing the coal through chutes. The loaded cars are then hauled by drill engines from the mine sidings and lateral branches of the railway to assembly or concentration points and to classification yards, where they are assembled into trains for the road movement. The principal assembly or concentration points are as follows:

On the Central Railroad of New Jersey: Ashley, Hauto, Nesquehoning, and Mauch Chunk.

On the Delaware, Lackawanna & Western R. R.: Hampton (Scranton), Taylor, Cayuga, and Nay Aug Yards.

On the Philadelphia & Reading Railway: Shamokin, St. Clair, Mahanoy Plane, Tamaqua, and Cressona.

On the Delaware & Hudson Company: Carbondale is the principal concentration point, but drill engines also assemble coal at yards located at Olyphant, Green Ridge, South Scranton, Yatesville, Hudson, Plymouth, Minooka, and Buttonwood Yards.

On the Erie Railroad: Forest City, Dunmore, Jessup Junction, Avoca, and West Hawley.

On the Wilkes-Barre & Eastern Railroad: Hillside Junction and Suscon.

On the Lehigh Valley Railroad: Coxton and Port Bowkley in the Wyoming district, and at Delano, Boston Siding, Hazleton Yard, Beaver Brook Siding, Beaver Meadow Siding, Ebervale Siding, and North Ashmore in the Mahanoy and Hazleton districts.

On the New York, Ontario & Western Railway: Mayfield Yard and Forest City.

On the Pennsylvania Railroad: Honey Pot Scales in the Wyoming district, Mount Carbon in the Pottsville district, and Northumberland in the Schuylkill district.

On the Northern Central Railway: Weigh scales near Shamokin and Lykens.

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Statement showing interlocking directors of the 11 initial anthracite carriers.

AS OF JUNE 30, 1912.

George F. Baer: C. R. R. Co. of N. J. L. V. R. R. Co. George F. Baker: C. R. R. Co. of N. J. P. & R. Ry. Co. D., L. & W. R. R. Co. L. V. R. R. Co. Erie R. R. Co. N. Y., S. & W. R. R. Co. Thomas De Witt Cuyler: P. R. R. Co. N. Y., O. & W. Ry. Co. Harris C. Fahnestock: C. R. R. Co. of N. J. D., L. & W. R. R. Co. Henry C. Frick: P. & R. Ry. Co. P. R. R. Co. Leonor F. Loree: D. & H. Co. Erie R. R. Co. N. Y., O. & W. Ry. Co.	Robert S. Lovett: D. & H. Co. Erie R. R. Co. N. Y., S. & W. R. R. Co. William H. Moore: D., L. & W. R. R. Co. L. V. R. R. Co. Charles A. Peabody: D. & H. Co. Erie R. R. Co. William Rockefeller: D., L. & W. R. R. Co. N. Y., O. & W. Ry. Co. Charles Steele: C. R. R. Co. of N. J. L. V. R. R. Co. Erie R. R. Co. N. Y., S. & W. R. R. Co. E. T. Stotesbury: C. R. R. Co. of N. J. P. & R. Ry. Co. L. V. R. R. Co.
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AS OF JUNE 30, 1914.

George F. Baker: C. R. R. Co. of N. J. P. & R. Ry. Co. D., L. & W. R. R. Co. L. V. R. R. Co. Erie R. R. Co. N. Y., S. & W. R. R. Co. Thomas De Witt Cuyler: P. R. R. Co. N. Y., O. & W. Ry. Co. Henry C. Frick: P. & R. Ry. Co. P. R. R. Co. Leonor F. Loree: D. & H. Co. Erie R. R. Co. N. Y., O. & W. Ry. Co.	William H. Moore: D., L. & W. R. R. Co. L. V. R. R. Co. William Rockefeller: D., L. & W. R. R. Co. N. Y., O. & W. Ry. Co. E. T. Stotesbury: C. R. R. Co. of N. J. P. & R. Ry. Co. L. V. R. R. Co. Daniel Willard: C. R. R. Co. of N. J. P. & R. Ry. Co.
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Number of directors of each of the initial anthracite carriers as of June 30, 1915.

C. R. R. Co. of N. J.....	9	N. C. Ry. Co.....	2
P. & R. Ry. Co.....	6	Erie R. R. Co.....	3
D., L. & W. R. R. Co.....	14	N. Y., S. & W. R. R. Co.....	3
D. & H. Co.....	13	W.-B. & E. R. R. Co.....	1
L. V. R. R. Co.....	12	N. Y., O. & W. Ry. Co.....	3
P. R. R. Co.....	17		

Statement showing directors and officials of carriers who also are directors and officials of affiliated coal companies.

	C. R. R. Co. of N. J.	Lehigh & Wilkes-Barre Coal Co.
1912 AND 1913.		
George F. Baer.....	Director and president.....	Director and president.
George F. Baker.....	Director.....	Director.
Edward T. Stotesbury.....	do.....	Do.
George O. Waterman.....	Secretary and treasurer.....	Secretary and treasurer.

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Statement showing directors and officials of carriers who are also directors and officials of affiliated coal companies—Continued.

	Reading Co.	P. & R. Ry. Co.	P. & R. Coal & Iron Co.
1912.			
George F. Baer.....	Director and president.....	President.....	President.
Henry A. DuPont.....	Director.....	Director.....	
Henry P. McKean.....	do.....		Director.
Edward T. Stotesbury.....	do.....	Director.....	Do.
Henry C. Frick.....	do.....	do.....	Do.
George F. Baker.....	do.....	do.....	Do.
A. B. Widener.....	do.....	do.....	Do.
Daniel Willard.....	do.....	do.....	Do.
William R. Taylor.....	Vice president and secretary.....	Secretary.....	
Larry E. Paisley.....	Treasurer.....	Treasurer.....	Treasurer.
George Ziegler.....	Comptroller.....	Comptroller.....	
Lawrence K. Klink.....	Real estate agent.....	Real estate agent.....	
1913.			
George F. Baer.....	Director and president.....	President.....	President.
Henry A. DuPont.....	Director.....	Director.....	
Henry P. McKean.....	do.....		Director.
Edward T. Stotesbury.....	do.....	Director.....	Do.
Henry C. Frick.....	do.....	do.....	Do.
George F. Baker.....	do.....	do.....	Do.
A. B. Widener.....	do.....	do.....	Do.
Daniel Willard.....	do.....	do.....	Do.
George Ziegler.....	Vice president.....	Secretary.....	
Ray V. Hare.....	Secretary.....	Assistant secretary.....	
Larry E. Paisley.....	Treasurer.....	Treasurer.....	Treasurer.
John S. Sneyd.....	Assistant treasurer.....	Assistant treasurer.....	Assistant treasurer.
William H. White.....	Comptroller.....	Comptroller.....	
Lawrence K. Klink.....	Real estate agent.....	Real estate agent.....	

	D., L. & W. R. R. Co.	D., L. & W. Coal Co.
1912 AND 1913.		
George F. Baker, Jr.....	Director.....	Director.
James Stillman.....	do.....	Do.
William H. Truesdale.....	Director and president.....	Do.
Edward E. Loomis.....	Vice president.....	Director and president.
F. S. Jenney.....	Vice president and general counsel in charge of legal department.....	General counsel.

	D. & H. Co.	Hudson Coal Co.	Jackson Coal Co.
1912.			
Conor F. Loree.....	President and member board of managers.....	Director and president.....	Director and president.
S. Sims.....	Second vice president and general manager.....	Director and vice president.....	Director and vice president.
F. H. Williams.....	Third vice president and member board of managers.....	do.....	Do.
H. Torrey.....	Counsel.....		Director.
M. Fine.....	Auditor of coal department.....	Assistant secretary and auditor.....	Assistant secretary and auditor.
C. Rose.....	Superintendent of coal department.....		Director.
F. L. Lawrence.....	Real estate agent.....		Do.
1913.			
Conor F. Loree.....	President and member board of managers.....	Director and president.....	
S. Sims.....	Second vice president and general manager.....	Director and vice president.....	
F. H. Williams.....	Third vice president and member board of managers.....	do.....	
H. Torrey.....	Counsel.....		
M. Fine.....	Auditor of coal department.....	Assistant secretary and auditor.....	
C. Rose.....	Superintendent of coal department.....		
F. L. Lawrence.....	Real estate agent.....		

Statement showing directors and officials of carriers who also are directors and officials of affiliated coal companies—Continued.

	Northern Coal & Iron Co.	Shanferoke Coal Co.	Schuylkill Coal & Iron Co.
1912.			
Leonor F. Loree.....	Director and president.....	Director and president.	Director and president.
C. S. Sims.....	Director and vice president..	Director and vice president.	Director and vice president.
W. H. Williams.....	do.....	do.....	Do.
J. H. Torrey.....	Director.....	Assistant secretary and auditor.	Assistant secretary and auditor.
A. M. Fine.....	Assistant secretary and auditor.	do.....	do.....
C. C. Rose.....	Director.....	do.....	do.....
W. L. Lawrence.....	do.....	do.....	do.....
1913.			
Leonor F. Loree.....	Director and president.....	Director and president.	Director and president.
C. S. Sims.....	Director and vice president..	Director and vice president.	Director and vice president.
W. H. Williams.....	do.....	do.....	Do.
J. H. Torrey.....	Director.....	Assistant secretary and auditor.	Assistant secretary and auditor.
A. M. Fine.....	Assistant secretary and auditor.	do.....	do.....
C. C. Rose.....	Director.....	do.....	do.....
W. L. Lawrence.....	do.....	do.....	do.....

	L. V. R. R. Co.	Lehigh Valley Coal Co.
1912 AND 1913.		
Daniel G. Reid.....	Director.....	Director.
E. T. Stokesbury.....	do.....	Do.
E. B. Thomas.....	President.....	President.
L. D. Smith.....	Vice president.....	Director.

	P. R. R. Co.	N. C. Ry. Co.	Susquehanna Coal Co.	Mineral R. R. & Mining Co.	Summit Branch Mining Co.
1912.					
Samuel Rea.....	Director and president.	Director and vice president.	Director...	Director...	Director.
George D. Dixon.....	Director and vice president in charge of traffic.	do.....	do.....	do.....	do.....
Henry Tatnall.....	Director and vice president in charge of finance.	do.....	do.....	do.....	Do.
N. Parker Shortridge..	Director.....	Director.....	do.....	do.....	Do.
E. B. Morris.....	do.....	do.....	do.....	do.....	Do.
1913.					
Henry Tatnall.....	Director and vice president in charge of finance.	Director and vice president.	Director...	Director...	Do.
A. J. County.....	Special assistant to the president.	Director.....	do.....	do.....	Do.
E. T. Postlethwaite...	Assistant to the president.	Assistant to the president.	do.....	do.....	do.....
N. Parker Shortridge..	Director.....	Director.....	do.....	do.....	Do.
E. B. Morris.....	do.....	do.....	do.....	do.....	do.....

Statement showing directors and officials of carriers who also are directors and officials of affiliated coal companies—Continued.

	Erie R. R. Co.	N. Y. & W. R. R. Co.	W.-B. & E. R. R. Co.	Pennsylvania Coal Co.	Hillside Coal & Iron Co.
1912.					
F. D. Underwood.....	Director and president.	Director and president.	Director and vice president.	Director and president.	Director and president.
G. A. Richardson.....	Director and vice president.	Director and vice president.	.....do.....	Director and vice president.	Director and vice president.
G. F. Brownell.....	Vice president and general solicitor.	Director, vice president, and general solicitor.	Director, vice president, and general solicitor.	Director.....	Director.
David Bosman.....	Vice president and secretary.	Vice president and secretary.	Vice president and secretary.	Secretary.....	Secretary.
George F. Baker.....	Director.....	Director.....	.....	Director.....	.....
John G. McCullough.....	.....do.....	.....do.....	.....	.....do.....	Director.
Norman B. Ream.....	.....do.....	.....do.....	.....	.....do.....	Do.
Charles Steele.....	.....do.....	.....do.....	.....	.....do.....	.....
W. A. May.....	.....	.....	Director and president.	Director, vice president, and general manager.	Do.
C. P. Crawford.....	Comptroller...	Comptroller...	Comptroller...	Director and auditor.	Comptroller.
D. W. Bigney.....	Treasurer.....	Treasurer.....	Treasurer.....	Treasurer.....	Treasurer.
1913.					
F. D. Underwood.....	Director and president.	Director and president.	Director and vice president.	Director.....	Director.
Charles Steele.....	Director.....	Director.....	.....	.....do.....	.....

	N. Y., O. & W. Ry. Co.	Scranton Coal Co. and Elk Hill Coal & Iron Co.
1912.		
Thomas P. Fowler.....	Director and president.....	Director and president.
John B. Kerr.....	Director, vice president, and general counsel.	Director and vice president.
Richard D. Rickard.....	Secretary and treasurer.....	Secretary and treasurer.
James E. Childs (deceased).....	Director.....	Director and vice president.
1913.		
John B. Kerr.....	Director and vice president..	Director and president.
Richard D. Rickard.....	Director, secretary, and treasurer.	Secretary and treasurer.

Number of directors of each of the affiliated coal companies as of June 30, 1913.

Lehigh & Wilkes-Barre Coal Co.....	7	Lehigh Valley Coal Co.....	6
Philadelphia & Reading Coal & Iron Co.....	6	Susquehanna Coal Co.....	9
Delaware, Lackawanna & Western Coal Co.....	7	Mineral R. R. & Mining Co.....	9
Hudson Coal Co.....	7	Summit Branch Mining Co.....	8
Jackson Coal Co.....	4	Pennsylvania Coal Co.....	9
Northern Coal & Iron Co.....	7	Hillside Coal & Iron Co.....	7
Shanferoke Coal Co.....	3	Seranton Coal and Elk Hill Coal & Iron Co.....	5
Schuylkill Coal & Iron Co.....	3		

Stocks of the coal companies owned by the carriers.

Coal company.	Par value of stock outstanding.	Carrier owner of stock of coal company.	Par value of stock owned by the carrier.	Date stock acquired by owner.
Lehigh & Wilkes-Barre Coal Co. ¹	\$9,210,000	C. R. R. Co. of N. J.....	\$8,491,150	1874-1896
Philadelphia & Reading Coal & Iron Co. ²	8,000,000	Reading Co. (a holding company).	8,000,000	Dec. 1, 1896
Hillside Coal & Iron Co. ³	1,000,000	Erie R. R. Co.....	1,000,000	Dec., 1886
Pennsylvania Coal Co. ³	5,000,000	do.....	5,000,000	Mar., 1906
Lehigh Valley Coal Co. ³	1,965,000	L. V. R. R. Co.....	1,965,000	1875-1906
Coxe Bros. & Co. (Inc.) ⁴	2,910,150	do.....	2,910,150	1906
Scranton Coal Co. ³	200,000	N. Y. & W. Ry. Co.....	200,000	Feb. 2, 1890
Elk Hill Coal & Iron Co. ³	60,000	do.....	60,000	Mar. 1, 1890
Susquehanna Coal Co. ³	2,136,800	P. R. R. Co.....	2,136,800	1873-1896
Mineral Railroad & Mining Co. ³	300,000	P. R. R. Co.....	100,002	1877-1894
Summit Branch Mining Co.....	25,000	N. C. Ry. Co.....	199,998	1887-1890
Hudson Coal Co.....	2,400,000	P. R. R. Co.....	25,000	Mar. 12, 1906
		D. & H. Co.....	2,400,000	1901-1911

¹ The Lehigh & Wilkes-Barre Coal Co. has paid 13 per cent dividends for each of the years 1910, 1911, and 1912. It paid no dividends prior thereto.

² No dividends paid during the period 1900-1912, inclusive.

³ Coxe Bros. & Co. (Inc.) have paid large dividends to the Lehigh Valley R. R., but they were insufficient to pay the interest on the bonds that the carrier issued for the purpose of acquiring the stock of Coxe Bros. & Co. (Inc.).

⁴ The Susquehanna Coal Co. during the period 1900-1912, inclusive, paid one dividend, 4 per cent, in 1912.

The relations existing between the coal companies, who are affiliated with the respondents, the manner in which the business of the coal companies was built up by the means of financial aid and assistance extended to them by the respondents, and the commingling of the affairs of the carriers and the coal companies are set forth on pages following.

READING COMPANIES.

Since December 1, 1896, Reading Company, a holding company, has controlled the Reading Railway lines and the Reading Coal & Iron Company. It appears that the railway's income is not only sufficient to bear its own burdens, but it provides the funds required to pay the interest charges on the capital, approximately \$80,000,000, which has been invested in the business of the coal and iron company. This is accomplished through various intercorporate transactions between the holding company and the railway and the coal and iron company.

Previous to December 1, 1896.—Previous to December 1, 1896, the Reading companies consisted of the Philadelphia & Reading Railroad Company (carrier) and Philadelphia & Reading Coal & Iron Company (coal company). These two companies were several times in the hands of receivers, the last receivership extending over the period from February 20, 1893, to December 1, 1896. The carrier owned the entire capital stock, \$8,000,000 of the coal and iron company and had made loans and advances to the coal and iron company which amounted to approximately \$68,154,678.94 in 1896. One of the principal causes which resulted in the Reading Companies being placed in the hands of receivers in 1893 was the inability of the railroad company to obtain funds to provide the coal and iron company with sufficient capital to carry on the coal business. (1893 report, p. 12, White Exhibit No. 5.)

The results of the operations of the Philadelphia & Reading Coal & Iron Company as shown by its annual reports to shareholders, White Exhibit No. 5, generally resulted in deficits. The deficits between 1890 and 1896 were as follows:

1890.....	\$973,284.35	1894.....	\$1,035,001.50
1891.....	332,860.68	1895.....	1,875,901.20
1892 (surplus).....	24,339.40	1896.....	370,000.00
1893.....	195,649.33		

It thus appears that the total deficit for the said years was \$5,249,508.98.

The practices of the carrier in providing the coal company with capital and current working funds are further shown by the following statements in the annual reports of the Philadelphia & Reading Railroad Company (White Exhibit No. 5):

Page 7, 1892 report: It will be noticed that the operations of the coal and iron company have left the entire net earnings of the railroad available for application to the interest on the income bonds, without requiring an appropriation by the railroad company from its earnings to pay the interest and sinking fund charges on the divisional mortgage bonds of the coal and iron company as in previous years.

Page 8, 1892 report: The floating debt of the railroad company was somewhat increased during the year, mainly for necessary advances of money, and by the use of the company's credit in aid of the coal and iron company, which, on account of its enlarged operations, required a very considerable increase of working capital. Under the methods of conducting the business which have prevailed in the past, a large amount of the working capital and current earnings have been invested in the business of the coal company.

Page 7, 1895 report: As the coal and iron company did not earn its operating expenses, it became necessary for the railroad company to advance to it the money required to pay so much of its interest as is guaranteed by the railroad company, which is \$656,270.

It also appears that whenever the coal company did not realize remunerative prices for the sale of its product the loss was borne by the railroad company, in that the railroad company reduced its freight rates for the transportation of the coal in conformity with the low selling prices of coal.

Page 32, 1879 report: The average rate for the seven years (1869-1875) is \$1.30, and there is no reason whatever to doubt that with the improved prospects of the coal trade, and the greatly increased prosperity of the iron trade, the company will be able to realize, in the present year, a rate of transportation equal to the above average, although in the detailed estimates hereafter given \$1.35 per ton is assumed as the average gross receipts per ton of coal to be transported during the coming year. Roughly stated, the total net earnings of the railroad company, for the past year, were equal to 50 cents per ton for each ton of coal transported, and the losses of the coal and iron company were 17 cents per ton for each ton mined.

Page 11, 1895 report: The company's coal business resulted in a loss of \$699,809.21, being 8.1 cents per ton of coal mined, whereas the business of 1894 showed a profit of \$268,552.89, or 3.3 cents per ton; so that the result for 1895 was 11.4 cents per ton worse than in the previous year. This comparative loss was caused by the low prices realized for coal, which with the exception of the year 1886, were less than those of any year since 1879.

While the business was a losing one for the coal and iron company, this loss was more than made up by the gain to the railroad company from the additional tonnage produced, which was carried at freight rates which yielded a profit.

Page 8, 1895 report: Coal traffic shows a gain in revenue of \$305,573.38 over that for the previous year, but a large loss, \$1,337,979.61, as compared with the earnings of 1893. The tonnage was larger than ever before, being 938,795 tons 6 cwt. larger than in 1894, and 391,324 tons 01 cwt. larger than in 1893, which was hitherto the year of heaviest tonnage. The diminution of revenue from this source as compared with 1893 was caused by a decrease in the freight rate, which was forced down by the low price realized for coal in the various markets of the country.

Subsequent to December 1, 1896.—As a result of the reorganization of the Reading properties in 1896 the holding company, Reading Company, owns the entire capital stocks of the coal and iron company and of the several Reading railway lines. The large earnings of the railway lines accrue to the holding company through the payment of dividends, rents, and interest charges, and enable the holding company to waive the collection of large amounts of interest which should be paid by the coal and iron company to the holding company. Thus the burden of the coal and iron company's interest charges is provided for by the income of the Reading railways.

The attitude of the interests in control of the Reading Companies as to the importance of operating the Reading properties (the railways and the coal company) as an entirety is shown on pages 25-26 of the annual report, for the year 1894, of the Philadelphia & Reading Railroad Company, as follows:

For the last quarter of a century the maintenance of the integrity of the Reading system as a whole, and the preservation of the franchises of both the railroad and coal & iron companies, so as to develop and operate the properties of both companies to advantage, have been regarded as of cardinal importance to all interested, either as creditors or as stockholders.

This provision is the best evidence of the opinion entertained by all concerned in the reorganization of 1888, as to the proper manner in which to deal with the property, in case it should prove necessary to sell under foreclosure; and the concessions at that time to the holders of the securities of the Susquehanna &

Schuylkill Canal companies, and other unproductive properties, were only made because of the value attached to the preservation of the franchises and of the unity of the system.

It is thus manifest that any plan for the reorganization of the affairs of the Reading companies must be based upon the maintenance of the property as an entirety, and as a going concern; and this being so, it is essential that provision should be made for: 1. The payment of the interest upon the general mortgage bonds; 2. The payment of the liabilities incurred in the purchase of equipment; and 3. The funding of the floating indebtedness, including the receiver's certificates.

These views they have felt it their duty to impress, so far as they were able, upon the Olcott committee, and other representatives of the creditors of the company.

THE REORGANIZATION.

On December 14, 1895, the committee representing Reading security holders submitted a plan and agreement for the reorganization of the Philadelphia & Reading Railroad Company and the Philadelphia & Reading Coal & Iron Company. This plan (White Exhibit No. 1) was adopted, and the firm of J. P. Morgan & Company was selected by the committee to act as manager and carry out the plan. In the subsequent proceedings of sale and reorganization Charles H. Coster and Francis Lynde Stetson represented the managing firm.

The railroad company's property, assets and franchises (including the capital stock, amounting to \$100,000, and the charter of the National Company) and the coal lands and property of the Philadelphia & Reading Coal & Iron Company, included under the general mortgage of 1888, were sold by the trustee in that mortgage by virtue of the powers conferred by the mortgage and of the decree of the circuit court of the United States for the eastern district of Pennsylvania, on September 23, 1896, to Charles H. Coster and Francis Lynde Stetson. Coster and Stetson purchased the property for the sum of \$20,500,000, and it passed to them, subject to certain priorities and mortgages.

The following description of the reorganized Reading companies was shown in the first report of the Reading Company:

In order to arrive at a correct understanding of the business affairs of the several companies, it will be desirable to outline, in a general way, their organization and scope.

In the report of the receivers of the Philadelphia & Reading Railroad Company and the Philadelphia & Reading Coal & Iron Company for the year ending November 30, 1896, it is stated that the general mortgage of the Philadelphia & Reading Railroad Company and the Philadelphia & Reading Coal & Iron Company had been foreclosed, and that under the direction of the circuit court of the United States all the properties and estates of these companies had been sold by the trustee of the general mortgage and by the receivers, and that the purchasers of the properties at that sale had organized a new company, Philadelphia & Reading Railway Company, to which, and to the Reading Company and the Philadelphia & Reading Coal & Iron Company, possession was transferred at midnight on the 30th of November, 1896.

The Reading Company owns practically the whole capital stock of the Philadelphia & Reading Railway Company and of the Philadelphia & Reading Coal & Iron Company, and all of the other stocks and securities which were acquired by the purchasers under the sale made by the trustee and the receivers. It also owns the \$20,000,000 purchase money mortgage bonds issued by the Philadelphia & Reading Railway Company, the locomotives, cars, steam colliers, tugs, and barges, constituting the railway and marine equipment, and all the real estate of the old Philadelphia & Reading Railroad Company, what was not appurtenant to the railroad itself. This, of course, does not include depots, rights of way, etc. which belong to the Railway Company.

The Philadelphia & Reading Railway Company which was organized under the act of the legislature of Pennsylvania of May 31, 1887, owns all the railroads formerly belonging to the Philadelphia & Reading Railroad Company; and it controls the roads heretofore leased to that Company, either by transfer of the leases or by new leases made since November 30, 1896. It leases from the Reading Company the railway and marine equipment which it uses in the conduct of its business, and a number of wharves and warehouses on the Delaware River between South street and Queen street, Philadelphia.

Under the foreclosure sale, the charter of the Philadelphia & Reading Coal & Iron Company was preserved and it was purchased at the sale. The purchasers, after the acquisition of the charter and franchises, conveyed all of the coal lands and collieries which they had acquired at the sale, to the Philadelphia & Reading Coal & Iron Company. Its business consists exclusively of the mining and sale of coal.

HISTORY OF THE HOLDING COMPANY.

It was created by an act of assembly of the state of Pennsylvania, approved May 24, 1871, under the name of Excelsior Enterprise Company. It was given power by vote of stockholders to change the name of the company and to designate the loca-

tion of its general office. On March 31, 1873, its name was changed to that of National Company. During the last receivership of the Reading properties, February 20, 1893, to December 1, 1896, the entire capital stock of the National Company, \$100,000, was owned by the Philadelphia & Reading Railroad Company. At the said sale it was acquired by Coster and Stetson. On December 7, 1896, the name of the National Company was changed to Reading Company. Its capital stock was increased from \$100,000 to \$40,000,000, and on December 18, 1896, its capital stock was further increased to \$140,000,000, these increases, of course, being necessary in order to mold it into the holding company which now owns and controls the Reading Railway Company and the coal and iron company.

The following concerning the holding company is quoted from the opinion of H. C. McCormick, attorney general of the state of Pennsylvania, given under date of January 2, 1897:

The charter under consideration grants powers of the most comprehensive character, and, if valid, enables the company to control and to engage in almost any business except that of a bank of issue.

Upon examination of the records in the auditor general's office it was learned that this corporation, although created in 1871, and constantly keeping up its organization, had practically done little or no business since the year 1875.

The obvious purpose of this part of the scheme of reorganization seemed to be to escape from that provision of the constitution of 1874 which forbids any incorporated company doing the business of a common carrier to directly or indirectly engage in mining or manufacturing articles for transportation over its lines; or, stated differently, the union of the coal company with the railroad company.

The balance sheet of the holding company on the date it became possessed of the extensive and valuable Reading properties on December 1, 1896, and also on the date June 30, 1913, is here shown.

Balance sheet.

	As of Dec. 1, 1896.	As of June 30, 1913.
ASSETS.		
Locomotives, engines, and cars.....	\$16,950,000.00	\$37,450,916.17
Floating equipment.....	1,450,000.00	3,644,009.30
Coal estate.....	16,000,000.00	16,646,083.35
Leased equipment.....		5,997,798.19
Lev equipment.....		4,261,324.09
Incompleted equipment.....		85,550.41
Mortgages and ground rents.....	266,594.16	240,848.32
Bonds:		
Philadelphia & Reading Ry. Co.....	20,000,000.00	20,000,000.00
Bonds of other companies.....	14,266,938.00	26,414,493.75
Stocks:		
Philadelphia & Reading Ry. Co.....	20,000,000.00	42,481,700.00
Philadelphia & Reading Coal & Iron Co.....	8,000,000.00	8,000,000.00
Stocks of other companies.....	25,182,310.00	53,313,452.89
Philadelphia & Reading Coal & Iron Co.....	68,154,678.99	72,980,171.62
Book debts, due by sundry railroads, etc.....	3,343,382.87	4,057,967.30
Current assets.....		3,520,488.31
Total assets.....	193,613,902.02	299,108,806.00
LIABILITIES.		
General mortgage loan, 1897-1907.....	50,399,000.00	99,294,000.00
Coal estate bonds, mortgages, etc.....	767,491.65	1,024,658.56
Delaware River terminal bonds.....	700,000.00	600,000.00
Delaware River terminal extension bonds.....	809,000.00	809,000.00
Birmingham & Northern stock trust certificates.....		1,295,000.00
Reading Co. Jersey Central collateral gold bonds.....		23,000,000.00
Railroad equipment trust certificates, series E.....		2,090,000.00
Bonds: Mortgage new shops, Reading.....		1,200,000.00
First preferred stock.....	28,000,000.00	28,000,000.00
Second preferred stock.....	42,000,000.00	42,000,000.00
Common stock.....	70,000,000.00	70,000,000.00
Contingent account.....	968,410.37	1,539,296.58
Current liabilities.....		3,414,542.59
Sinking fund—general mortgage loan.....		485.61
Lev equipment to be purchased, etc.....		380.46
Profit and loss balance.....		24,536,461.80
Total liabilities.....	193,613,902.02	299,108,806.00

¹ Advances for cost of its property in excess of its capital stock.

² Total issued less \$6,399,000 bonds purchased for sinking fund and canceled.

INTEREST ON CAPITAL INVESTED IN THE PHILADELPHIA & READING COAL & IRON COMPANY.

The items of \$68,154,678.99 in the 1896 balance sheet and \$72,980,171.62 in the 1913 balance sheet represent the indebtedness of the coal and iron company to the holding company. This indebtedness consisted principally of funds advanced by the Philadelphia & Reading Railroad Company to the coal and iron company prior to December 1, 1896, in order to furnish the coal and iron company with funds to purchase its large holdings of coal-producing lands and mining equipment. The items of indebtedness of the coal and iron company on December 1, 1896, were as follows:

1. Mortgage bond of the coal and iron company, dated July 1, 1874	\$30,000,000.00
2. Mortgage bond of the coal and iron company, dated December 28, 1876	10,000,000.00
3. Loan account representing cash advances made by the railroad company to the coal and iron company	24,579,328.55
4. Current business account approximating	3,575,348.44
	<hr/>
	68,154,678.99

Further financial transactions extending over the period from December 1, 1896, to October 17, 1913, between the holding company and the coal and iron company which increased the said indebtedness of the coal and iron company to \$74,980,171.62 in October, 1913, are shown in the following statement (White Exhibit No. 10):

Philadelphia & Reading Coal & Iron Company in account with Reading Company.

DEBIT.

December 1, 1896, balance due P. & R. R. Co. acquired by Reading Company by purchase under foreclosure sale	\$68,154,678.99
June, 1897, to June, 1911, divisional coal-land bonds purchased and canceled	12,000,000.00
June, 1898, to February, 1913, sinking-fund bonds purchased and canceled	60,000.00
June, 1899, judgment Dawes-Wilson Coal Company	2,000.00
July, 1906, to October, 1913, cash advanced	10,200,000.00
June 30, 1898, amounts previously credited, now charged back for interest on receiver's certificates, etc., coal and iron company having been reimbursed	200,000.00
	<hr/>
	91,554,678.99

CREDIT.

June 30, 1897, interest on funded debt of P. & R. Coal & Iron Company, charged to contingent account	\$243,315.53
June 30, 1897, deficit in operations December 1, 1896, to June 30, 1898	1,195,234.64
October, 1906, to October, 1913, cash advances repaid	8,200,000.00
June, 1908, to January, 1913, general mortgage bonds purchased and canceled	6,380,000.00
June, 1901, to September, 1908, reduction in capital stock of Fulton Coal Company and Locust Gap Improvement Company	17,578.35
May, 1902, to August, 1910, deposits with Central Trust Company of New York, trustee, account real estate sold	255,622.86
March, 1901, amount erroneously used by Central Trust Company, trustee, for purchase of general mortgage bonds	3,338.50
	<hr/>
	16,200,000.00
Balance October 17, 1913	<hr/>
	74,980,171.62

And further to show how the holding company has furnished the coal and iron company with current working funds, the following statement (White Exhibit No. 11) shows cash advances made by the holding company to the coal and iron company during the period 1906 to October, 1913:

35 I. C. C.

Amounts advanced by Reading Company to the Philadelphia & Reading Coal & Iron Company, commercial loans.

August 16, 1906	\$100,000	August 25, 1911	\$100,
August 27, 1906	100,000	August 30, 1911	100,000
August 29, 1906	150,000	September 12, 1911	300,000
September 11, 1906	100,000	September 23, 1911	000,000
September 14, 1906	100,000	October 13, 1911	300,000
August 27, 1908	200,000	August 12, 1913	200,000
November 19, 1908	1,700,000	August 21, 1913	500,000
November 20, 1908	600,000	August 22, 1913	500,000
September 1, 1909	700,000	September 9, 1913	250,000
October 5, 1909	300,000	September 10, 1913	250,000
August 30, 1910	100,000	October 6, 1913	200,000
September 12, 1910	600,000	October 7, 1913	200,000
September 30, 1910	300,000	October 8, 1913	100,000
October 29, 1910	250,000		
July 20, 1911	500,000	Total	10,200,000
August 24, 1911	700,000		

SUMMARY.

Amount advanced on commercial loans from August 16, 1906, to October 31, 1913	\$10,200,000
Less amount paid off per statement attached	8,200,000

Balance due Reading Company

2,000,000

PHILADELPHIA, November 17, 1913.

Reading Company's balance sheet for the year 1913 shows that it had issued its 4 per cent general mortgage bonds to the amount of \$105,783,000. Deducting bonds of this issue, which were purchased back by the holding company for a sinking fund (\$6,389,000) and canceled, there was outstanding on the date June 30, 1913, \$99,394,000 of these bonds bearing 4 per cent annual interest. The total authorized issue of this series of bonds of the holding company is \$135,000,000, secured by Reading Company's general mortgage of the date January 5, 1897. The following paragraph in the agreement of the Reading Company with Charles H. Coster and Francis Lynde Stetson, purchasers, and J. P. Morgan & Company, managers, made under date of December 23, 1896, shows the property which constitutes security for the payment of the said mortgage bonds:

The company (Reading Company) either alone or jointly with the Philadelphia & Reading Coal & Iron Company as coobligor, will make, execute and deliver bonds for the aggregate principal sum of \$135,000,000 bearing interest at the rate of 4 per cent per annum, payable semiannually, both principal and interest being payable in gold coin of the United States of the present standard of weight and fineness, and the principal payable on the 1st day of January, 1997; and the company will make, execute and deliver a mortgage or deed of trust, granting, conveying, and pledging, as security for the payment of all such bonds, all its assets of every name or nature, now owned or hereafter acquired, and all its franchises, it being intended to include under such mortgage (either directly or by collateral trust), substantially all the property formerly of the Philadelphia & Reading Railroad Company (subject to such deductions therefrom or changes therein as the purchasers or their assigns, for business reasons, may decide not to include under such mortgage) and also the capital stock of the Philadelphia & Reading Railway Company and of the said The Philadelphia & Reading Coal & Iron Company.

The sinking fund provisions of the general mortgage bonds are contained in section 12 of the general mortgage, which reads as follows:

Sec. 12. The Reading Company shall not, and will not, in any year declare or pay dividends upon its stock, either common or preferred, until or unless prior to, or simultaneously with, such declaration, it shall deliver to the trustee a statement in writing under its corporate seal showing the amount of anthracite coal mined, from lands owned by the coal company and mortgaged hereunder, during the year next preceding the declaration of such dividend, and simultaneously shall pay to the trustee hereunder a sum equal to 5 cents per ton on all coal so mined in such next preceding year, if the aggregate of dividends so declared shall be equal to or shall exceed such sum, and otherwise such lesser sum as shall be equal to the aggregate of dividends so declared.

35 I. C. C.

The following appears in the deed of Coster and Stetson to the Philadelphia & Reading Coal & Iron Company under date of November 18, 1896:

And whereas, the parties of the first part (Coster and Stetson) did also purchase, and now own and possess, certain claims or demands for an aggregate principal sum exceeding \$69,000,000, formerly of the Philadelphia & Reading Railroad Company against the party of the second part (Philadelphia & Reading Coal & Iron Company), as follows, to wit:

- (1) A mortgage bond of the party of the second part, dated July 1, 1874, for the sum of..... \$30,000,000
- (2) A mortgage bond of the party of the second part, dated December 28, 1876, for the sum of. 10,000,000
- (Subject to all prior charges and claims against said two mortgage bonds.)
- (3) Loan account, representing cash advances..... 24,079,288.18
- (4) Current business account, approximating..... 4,300,000.00

And whereas, it is the desire and intention of the parties hereby to vest in and to transfer to the party of the second part the titles to the several properties hereinafter described, free and discharged from the four claims before mentioned, which four claims (subject to a prior pledge of said two mortgage bonds) are hereby transferred to the party of the second part;

Now, therefore, in consideration of the premises and of the execution and expected performance of a certain agreement of even date herewith, made, executed, and delivered by the party of the second part to the said Charles H. Coster and Francis Lynde Stetson, and of the sum of one dollar to them in hand paid, the receipt whereof is hereby acknowledged and confessed, the parties of the first part have granted, bargained, sold, aliened, released, remised, and confirmed, and by these presents do grant, bargain, sell, alien, release, remise, and confirm unto said the Philadelphia & Reading Coal & Iron Company and its successors and assigns forever:

First. All and singular the coal lands, coal leases, iron-ore lands, furnace properties, and other real estate, etc.

The following appears in the agreement of the Philadelphia & Reading Coal & Iron Company with Coster and Stetson under date of November 18, 1896:

First. When and as requested by the purchasers or by their assigns (either individual or corporate), by them from time to time designated, the company (the Philadelphia & Reading Coal & Iron Company) will join in the execution, as coobligor, of bonds for the aggregate principal sum of \$135,000,000, bearing interest at the rate of 4 per cent per annum, payable semiannually, both principal and interest to be payable in gold coin of the United States of the present standard of weight and fineness, and the principal payable on the 1st day of January, 1897.

To summarize these facts, the Philadelphia & Reading Railroad Company had advanced \$68,154,679 to the coal and iron company prior to December 1, 1896, to enable the coal and iron company to purchase coal properties, make the necessary improvements thereon, and conduct its mining and selling operations. Two items of this amount, \$30,000,000 and \$10,000,000, had been secured by mortgages on the property of the coal and iron company. To carry out the plan of the reorganization it was desired to free and discharge the properties of the coal and iron company from liability under the said mortgages of \$30,000,000 and \$10,000,000, so that the new mortgage bonds (authorized issue \$135,000,000 as heretofore described) of the holding company could attach to, and be secured by, the coal lands and property of the coal and iron company. This transaction was simply a refunding operation whereby the coal properties were relieved of the two prior mortgages, the holding company accepting in lieu thereof an unsecured claim, for the said two amounts and for the other amounts as heretofore described, against the coal and iron company on condition, which is fulfilled, that the coal and iron company should become coobligor on the new mortgage and bonds (authorized \$135,000,000) of the Reading Company. The new bonds of the holding company were accordingly issued from time to time commencing January 5, 1897. The total amount issued to June 30, 1913, was \$105,783,000, on which the holding company paid 4 per cent annual interest.

The foregoing facts show how the financial requirements of the coal and iron company have been supplied by the holding company and that the holding company pays 4 per cent interest on its general mortgage bonds. Now, taking up the reimbursement the holding company receives from the coal and iron company, it appears that the coal and iron company has never paid any dividends on its \$8,000,000 capital stock which is owned by the holding company; also that the coal and iron company has

paid very low rates of interest on its indebtedness to the holding company, which has ranged from \$68,154,679 in December, 1906, to \$74,980,171 in October, 1913. Computing interest on this indebtedness at the rate of 4 per cent per annum, the rate which the holding company pays on its own general mortgage bonds, it is apparent that the payments of interest made by the coal and iron company to the holding company on its said indebtedness during the period from December 1, 1896, to June 30, 1913, were \$34,662,722.91 less than such interest payments would have been when computed at 4 per cent per annum. Had these interest payments been made, the coal and iron company's balance sheet for June 30, 1912, instead of a surplus balance of \$1,459,694.14, would have shown actually a deficit balance of \$32,561,494.66. The following statement shows the rates and amounts of interest actually paid by the coal and iron company to the holding company during the said period:

Year ended June 30—	Rate of interest paid.	Amount of interest paid by the P. & R. C. & I. Co.	Amount of interest at 4 per cent computed on balance due Reading Co. June 30.	Difference between columns 3 and 4.
(1)	(2)	(3)	(4)	(5)
Dec. 1, 1896, to June 30, 1897.....	<i>Per cent.</i> (1)	(1)	\$2,726,187.16	\$2,726,187.16
June 30, 1898.....	(1)	(1)	3,084,346.09	3,084,346.09
1899.....	(1)	(1)	3,091,213.97	3,091,213.97
1900.....	1½	\$884,850.18	3,146,133.97	2,261,283.79
1901.....	1½	886,504.62	3,151,946.15	2,265,441.53
1902.....	1½	888,780.61	3,160,108.82	2,271,328.21
1903.....	2	1,582,334.41	3,164,668.82	1,582,334.41
1904.....	2	1,582,477.77	3,164,955.53	1,582,477.76
1905.....	2	1,582,255.21	3,165,430.42	1,583,175.21
1906.....	2	1,583,304.53	3,166,609.06	1,583,304.53
1907.....	2	1,583,914.05	3,167,828.10	1,583,914.05
1908.....	2	1,584,485.40	3,009,650.79	1,425,185.39
1909.....	1.25	935,003.19	2,992,010.19	2,057,007.00
1910.....	.995	743,957.87	2,992,010.19	2,248,052.32
1911.....	1.505	375,572.60	2,976,952.70	2,601,380.10
1912.....	1.176	864,083.91	2,938,661.19	2,074,577.28
1913.....	3.11	2,269,405.15	2,919,206.86	649,801.71
Total.....		17,346,929.50	52,017,920.01	34,670,990.51

1 No interest paid.

And further the holding company assumed a deficit of \$1,195,224.54 resulting from the operations of the coal and iron company during the period December 1, 1896, to June 30, 1898.

It is apparent from the foregoing that during the last four years concessions in interest charges were granted by the holding company to the coal and iron company in the following amounts:

For the year 1910.....	\$2,239,785
For the year 1911.....	2,601,380
For the year 1912.....	2,074,577
For the year 1913.....	649,802

The coal and iron company shipped and sold amounts of anthracite coal as stated in the following:

	Tons.
For the year ended June 30, 1910.....	9,564,217
For the year ended June 30, 1911.....	10,094,467
For the year ended June 30, 1912.....	10,194,660
For the year ended June 30, 1913.....	10,248,603

so that it is apparent that the said concessions in interest charges amount to 23.4 cents per ton on each ton of anthracite coal shipped and sold by the coal and iron company during the year ended June 30, 1910; 25.8 cents per ton on its shipments 35 I. C. C.

during the year ended June 30, 1911; 20.4 cents per ton on its shipments during the year ended June 30, 1912; and 6 cents per ton on its shipments during the year ended June 30, 1913.

The following is a statement of the income of the Reading Company for the year ended June 30, 1912, and June 30, 1913:

JUNE 30, 1912.

Interest, dividends, and rents from Philadelphia & Reading Ry. Co.....	\$11,070,000.00
Dividends from Central Railroad Co. of New Jersey.....	1,740,000.00
Dividends from Port Reading R. R.....	240,000.00
Interest and dividend receipts from—	
Other Reading railway lines.....	315,000.00
Its own (Reading Co.) securities.....	22,000.00
Interest on debt of Philadelphia & Reading Coal & Iron Co.....	800,000.00
Other income.....	200,000.00
	<u>14,487,000.00</u>

JUNE 30, 1913.

Interest, dividends, and rents from Philadelphia & Reading Ry. Co.....	\$11,128,057.30
Dividends from Central Railroad Co. of New Jersey.....	1,740,000.00
Dividends from Port Reading R. R.....	240,000.00
Interest and dividend receipts from—	
Other Reading railway lines.....	200,000.00
Its own (Reading Co.) securities.....	22,000.00
Interest on debt of Philadelphia & Reading Coal & Iron Co.....	2,200,000.00
Other income.....	297,646.77
	<u>15,507,123.07</u>

The above statement of income shows that with the exception of the amounts received from the coal and iron company in payment of interest charges, which have been shown to be inadequate, the holding company derived \$204,363.31 income in 1912, and \$297,646.77 income in 1913 from sources other than Reading railway lines. So that it is apparent that practically all of the holding company's income is derived from the railway earnings.

This holding company owns the majority of the capital stock of the Central Railroad Co. of New Jersey and all the stock of the two other railroads; so that the large dividends of the carriers are not paid to the public but to the holding company and are absorbed by the unprofitable operations of the coal and iron company. The dividends paid by the holding company are at a much lower rate than those of the carriers. The rates of dividends paid by the holding company to its stockholders in recent years were as follows:

Year.	First preferred stock.	Second preferred stock.	Common stock.
	Per cent.	Per cent.	Per cent.
1897.....	(1)		
1898.....	(1)		
1899.....	(1)		
1900.....	13		
1901.....	24		
1902.....	4		
1903.....	3		
1904.....	4	34	
1905.....	4	4	
1906.....	4	4	
1907.....	4	4	
1908.....	4	4	
1909.....	4	4	
1910.....	4	4	
1911.....	4	4	
1912.....	4	4	
1913.....	4	4	

¹ No dividends.

The outstanding stock and accrued surplus of the holding company on June 30, 1912, was:

First preferred stock.....	\$28,000,000.00
Second preferred stock.....	42,000,000.00
Common stock.....	70,000,000.00
	<hr/>
	140,000,000.00
Accrued surplus.....	24,836,461.80

INCOME OF HOLDING COMPANY FROM RAILWAYS.

Although the general mortgage bonds of the holding company bear 4 per cent interest, the Philadelphia & Reading Railway Company is obligated to pay 6 per cent annual interest on \$20,000,000 of purchase money mortgage bonds owned by the holding company. It has regularly paid this interest to the holding company.

The holding company owns all the equipment which is used in the railway company's operations. At the time of the reorganization the locomotives, cars, and floating equipment used in the railway operations were inventoried and found to be of the value \$18,444,556.19. At this value they were leased to the Philadelphia & Reading Railway Company. The lease obligated the carrier to pay to the trustee under Reading Company's general mortgage bonds, or to Reading Company, as an annual rental for the use of the said equipment, the sum of \$1,472,000 in semiannual installments; and the lease further provided that the railway company should keep the equipment in good order and repair, and replace such equipment as might become unfit for use, or be lost or destroyed. This rental constitutes 8 per cent per annum of the value of the equipment. The said rental provision of the lease reads as follows:

To have and to hold, the same to the said Philadelphia & Reading Railway Company, its successors and assigns for and during the full term of 49 years and 11 months from the date hereof, upon condition, and not otherwise, that in and during each and every year of the continuance of this lease the Philadelphia & Reading Railway Company shall pay to the trustee as the annual rental of the engines, vehicles, and vessels hereby presently leased, the sum of \$1,472,000 payable in equal semiannual installments on the 1st days of July and January in each year during each and every year of such term; and also as the annual rental for the engines, vehicles, and vessels from time to time hereafter to be brought within the terms of this lease a sum equal to eight per cent of the value of each and every such engine, vehicle, and vessel as set forth in the inventory thereof to be hereto annexed; all such rentals to be paid in gold coin of the United States of the standard of weight and fineness of the year 1896, or at the option of the trustee, in United States currency equivalent to such gold coin.

This rate of rental which the carrier pays the holding company appears excessive when compared with the rate of interest, 4½ per cent, which the holding company pays on its equipment trusts. The lease obligates the carrier to keep the equipment in good order and to repair and replace that "which shall be destroyed or lost by wreck or otherwise." In carrying out these provisions of the lease the carrier from time to time paid to the holding company sums of money which were used to purchase new equipment to replace such units of equipment as were destroyed or had become obsolete. Many of the units of equipment described in the lease were replaced in later years by units of larger capacity and of greater cost. Title to this new equipment was in the holding company. The sums so advanced by the railway company were charged to its operating expenses. These charges unduly burdened its operating expenses, inasmuch as the new equipment so purchased included a large element of additions and betterments to the property of the holding company. As to the replacement of destroyed and obsolete equipment, the lease reads as follows:

Third. The railway company shall and will, from time to time and at all times, pay and discharge any and all taxes and other governmental charges that may lawfully be imposed upon or collected on account of any of the said engines, vehicles or vessels.

Fourth. And the railway company, from time to time and at all times, will keep in good order and repair any and all of the said engines, vehicles, and vessels, and from time to time will replace each and every of the same which shall become unfit for use, or which shall be destroyed or lost by wreck or otherwise, which replacement shall be on the following basis, to wit:

(1) As to railroad cars, they shall be replaced by cars of the capacity and efficiency which at the time said replacement shall be found the most convenient and economical; but the aggregate carrying capacity

of the new cars shall not be less than the aggregate carrying capacity than those worn out, destroyed, or lost, whose place they take; it being distinctly understood and agreed that all cars shall be replaced on the basis of carrying capacity and that the total carrying capacity of all the cars, irrespective of the number, shall be equivalent to the carrying tonnage capacity of the cars hereby leased.

(2) As to engines, each and every engine shall be replaced by one of the capacity and efficiency found at the time of said replacement to be most effective and economical; provided, however, that with the assent of the Reading Co., from time to time, two or more engines may be replaced by one or more engines whose aggregate efficiency and capacity shall be equivalent to that of the larger number of displaced engines.

(3) As to vessels, each and every vessel shall be replaced by one of the capacity and efficiency found at the time of said replacement to be most effective and economical; provided, however, that with the assent of the Reading Co., from time to time, two or more vessels may be replaced by one or more vessels, whose aggregate efficiency and capacity shall be equivalent to that of the larger number of displaced vessels.

Fifth. At the termination of this lease, by expiration of time or for any cause, the railway company, subject only to the foregoing provisions, will surrender all of the said engines, vehicles and vessels in good order and condition.

The increase in cost of units of equipment is described in the annual report of the Reading Company to stockholders for the year ended June 30, 1913, as follows:

As of June 30, 1913, in comparison with December 1, 1896, the average value of all locomotives had increased from \$4,906 to \$9,479; the average value of freight cars producing revenue had grown from \$33 to \$799; the average value of the passenger cars had grown from \$2,916 to \$4,236; the sea tug, etc., whose average value in 1896 was \$41,533, was on June 30, 1913, \$61,343, and the average value of sea barges, etc., which was \$7,930 had increased to \$21,463. This increase of average value of the several items has resulted from the fact that in each class of equipment the new locomotives, cars, tugs or barges are larger and more costly than the old ones. The total value of the rolling equipment in our possession, including that owned by Reading Company, and that covered by equipment leases, has increased from \$16,990,856.19, as of December 1, 1896, to \$47,548,361.65 as of June 30, 1913, and the value of floating equipment has increased during the same period from \$1,439,850 to \$3,814,684, making a total increase in value of \$32,932,339.46.

The obligation of the railway company contained in the leases under which it holds all of the equipment, to keep the same in good order and repair and to make replacements of such as may become unfit for use, or which may be destroyed, has been complied with during the past fiscal year in every respect. The cost of this work has been included in the general operating expenses of the company under the head of maintenance of equipment.

It is shown (Morgan Exhibit No. 12) that the element of additions and betterments to the equipment owned by the holding company which was charged to the operating expenses of the carrier, amounted to \$6,092,094.25 during the period from December 1, 1896, to June 30, 1913, or an average of \$367,362.47 each year excessive charge to the operating expenses of the carrier.

PROPORTIONS OF FREIGHT RATES ALLOWED PORT READING RAILROAD COMPANY.

The Port Reading Railroad extends from Port Reading Junction to Port Reading, N. J., a distance of 21.04 miles. It is the tide-water terminal line of the Philadelphia & Reading Railway system. Its construction was promoted by the Philadelphia & Reading Railroad Company in 1890-1891 (p. 17, P. & R. Report 1890; p. 11, P. & R. Report 1891, White Exhibit No. 5) and its cost of construction was \$1,535,000.00 (Hansen, p. 7514). Its entire capital stock is owned by Reading Company.

After deducting the shipping allowance the Philadelphia & Reading Railway's rates on anthracite coal per gross ton from the Schuylkill region to Port Reading, N. J. the proportion of these rates which is allowed and paid to the Port Reading Railroad is shown (Morgan Exhibit No. 15) to be as follows:

	Net rate.	Port Reading R. R. proportion of rate.	Port Reading R. R. percentage of net rate.
Prepared sizes.....	\$1.55	\$0.45	Per cent
Fea.....	1.40	.42	
Buckwheat No. 1.....	1.25	.39	
Buckwheat No. 2.....	1.10	.36	

The Port Reading Railroad Company received from 29 to 32 per cent of the anthracite rates for performing the terminal switching and 10.7 per cent of the haul, leaving the Philadelphia & Reading Railway Company but 68 to 71 per cent of the rates for performing the assembling services and 89.3 per cent of the haul. That the proportion of the rates allowed the Port Reading Railroad Company is excessive is shown by the fact that its operating costs for handling all traffic for the year ending June 30, 1913, were but 12.8 cents per ton, and its ratio of operating expenses to operating revenues was but 35.82 per cent. For the same year the ratio of operating expenses to operating revenues of the Philadelphia & Reading Railway was 60.41 per cent. It is further shown by the fact that the Port Reading Railroad Company pays 12 per cent dividends to Reading Company and accumulates each year a large profit and loss surplus (\$131,114 in 1912 and \$239,055 in 1913) equal to an additional 12 per cent on its capital stock. Its total profit and loss surplus on June 30, 1913, was \$1,560,402.85.

The record, (Hansen, pp. 7514, 7777, 7785) shows that the bonds issued by the Port Reading Railroad, \$1,525,000, paid its cost of construction; so that the dividends described above are all paid on bonus stock. The large allowance paid out of the freight rates of the Philadelphia & Reading Railway to the Port Reading Railroad depletes the earnings of the Philadelphia & Reading Railway and inflates the earnings of the Port Reading Railroad by a corresponding amount.

THE PHILADELPHIA & READING TERMINAL RAILROAD COMPANY.

It is shown (White Exhibit No. 6) that in 1891 the Philadelphia & Reading Railroad Company issued \$8,500,000 5 per cent 50-year gold bonds for the construction of the railroad, buildings, right of way, etc., which constitute the Philadelphia & Reading terminal in Philadelphia, Pa. Title to this property was vested in the Philadelphia & Reading Terminal Railroad Company. To reimburse the railroad company the terminal company issued its capital stock amounting to \$8,500,000, and the railroad company deposited the stock as security for its 50-year gold bonds (Heebner, p. 1014).

An agreement was entered into between the terminal railroad company and the Philadelphia & Reading Railroad Company, whereby the Philadelphia & Reading Railroad Company operated its trains over the tracks of and into the terminal of the terminal railroad company.

The stock of the Philadelphia & Reading Terminal Railroad was acquired by Coster and Stetson at the receiver's sale, and on December 23, 1896 (p. 199, White Exhibit No. 7), Coster and Stetson deeded the \$8,500,000 capital stock of the Philadelphia & Reading Terminal Railroad Company to the holding company, Reading Company. It appears (p. 29, annual report of the Reading Company for the year 1913, White Exhibit No. 6) that Reading Company has continued to own this \$8,500,000 stock to this date, and has each year carried it as an asset of \$8,500,000 on its balance sheets. The Philadelphia & Reading Railway Company succeeded the Philadelphia & Reading Railroad Company as lessee of the property.

The Philadelphia & Reading Railway Company, as shown by its annual reports (White Exhibit No. 6), has paid \$425,000 per annum interest charges on the bonds, which amount, under the terms of the said lease, was to constitute the rental paid for the use of the Philadelphia & Reading Terminal Railroad Company property.

Although Reading Company owns the entire capital stock of the Philadelphia & Reading Terminal Railroad Company, the Philadelphia & Reading Railway Company has each year since 1896 carried the bonds as a liability of \$8,500,000, and, as it had no corresponding asset, it has recently (White, p. 994) increased its cost of road to \$8,500,000 in order to assume this liability. The situation presented is that the Philadelphia & Reading Railway Company has assumed a liability of \$8,500,000 for which it has received no corresponding asset. The Reading Company owns the entire capital stock of the Philadelphia & Reading Terminal Railroad Company, and when

the bonds become due and are paid off by the railway company the Reading Company will own the property, free and discharged from its mortgage debt, and the railway company by paying the bonds which represent the entire cost of the property will not acquire title to the property. It appears that there is no doubt as to the intention of the railway company to pay the principal of the bonds when they become due, as is shown by the testimony of Comptroller White of the Philadelphia & Reading Railway Company (p. 992):

Q. The Philadelphia & Reading Railway, we understand you to testify, would pay the bonds when they become due.

Mr. WHITE. Yes, sir.

OPERATIONS OF SEAGOING TUGS AND BARGES.

The Philadelphia & Reading Railway Company maintains this service between Port Richmond, Pa., and New England coast points. It reported the following profits resulting from this service: For the year ending June 30, 1909, \$154,048.57; for 1910, \$63,181.82; for 1911, \$129,590.81; for 1912, \$85,837.17; and for 1913, \$110,987.72.

In computing the profits it did not charge the tug and barge service with the rental for the equipment used. This rental amounts to from \$158,000 to \$178,000 per year. The rental for the tugs and barges was charged to the income of the Philadelphia & Reading Railway Company. If this rental had been charged to the seagoing tugs and barge service, that service would have shown net losses from operation of \$24,491.07 in 1909, \$111,714.74 in 1910, \$29,339.03 in 1911, \$73,087.67 in 1912, and \$64,207.68 in 1913, instead of the said profits.

It is shown (White Exhibit No. 16) that 75.19 per cent of the traffic transported from Port Richmond in the seagoing tugs and barges consisted of anthracite coal shipped by Philadelphia & Reading Coal & Iron Company to Lynn, Mass., Boston, Mass., Bangor, Me., Portland, Me., and other New England points at a blanket rate of 75 cents per ton. The rate of 75 cents per ton on anthracite coal shipped by the Philadelphia & Reading Coal & Iron Company applies to all New England points east of Long Island Sound which are reached by the sea tugs and barge service, and the rate has been continued many years despite repeated deficits resulting from the operation of the barge service. It is shown (White Exhibit No. 16) that shipments of bituminous coal were forwarded to Bangor, Me., Portland, Me., Charlestown, Mass., and other New England points on which a rate of 85 cents per ton was assessed. This application of a rate on anthracite coal lower than on bituminous coal presents a contrast to the rail rate structure in which anthracite rates are higher than rates on bituminous coal. The rates are not filed with the Commission.

PAYMENT OF DIVIDENDS, INTEREST, AND RENTS IN ADVANCE BY THE PHILADELPHIA & READING RAILWAY COMPANY TO READING COMPANY.

It is shown (Morgan Exhibit No. 14) that the Philadelphia & Reading Railway Company pays to Reading Company dividends on its stock prior to the date the dividends are declared by the board of directors of the railway company. This exhibit also shows that the railway company paid to Reading Company large sums in payment of interest and rental charges several months in advance of the date such payments were due.

The dependance of the holding company on the railway earnings is further indicated by Reading Company's annual report to stockholders, year 1909, page 13, referring to the dividends of the Reading Iron Company, a manufacturing corporation at Reading, Pa., as follows:

On January 4, 1909, the Reading Iron Company paid an extra dividend upon its capital stock to Reading Company of \$1,500,000. The receipt of this dividend of \$1,500,000 relieved Reading Company from the necessity of requiring as large a dividend from the Philadelphia & Reading Railway during the past few years as had previously been paid and left the Philadelphia & Reading Railway free to pay out of its earnings the expense of the elevation of the tracks in Philadelphia without greatly reducing its surplus.

It has been asserted that the capitalization of the Philadelphia & Reading Railway Company is at a nominal figure much less than its true and actual value and this constitutes the reason for its large earnings. This contention is not supported by the record in this case. Morgan exhibit No. 10 shows that at the time it was organized, in December, 1896, the cost of road of the Philadelphia & Reading Railway Company was fixed at \$79,999,849.20, the par value of certain securities which the railway company was required to assume.

The Philadelphia & Reading Railway Company now operates the railroad which was operated by the Philadelphia & Reading Railroad Company prior to December 1, 1896. On November 30, 1896, the cost of road of the Philadelphia & Reading Railroad was \$80,750,732.89. The record in this case shows that this cost included an arbitrary write-up or increment in value in 1888 amounting to \$26,000,000. (Hansen, pp. 7490-7492, 7702-7703; Ludlam, 7922-7946.) As the railroad passed to the Philadelphia & Reading Railway in 1896 at a value increased to the extent of \$26,000,000 by an arbitrary write-up in 1888, it is apparent that the actual cost of road was \$25,000,000 less than the par value of the securities at which its cost was fixed December 1, 1896. At the reorganization in 1896 the railroad properties were divested of assets having approximately the same value as the liability from which the railroad properties were relieved.

The record shows that the Philadelphia & Reading Railway Company, at its Port Richmond, Pa., office, furnished a representative of the sales department of the Philadelphia & Reading Coal & Iron Company, each morning, copies of the carrier's reports of all carload shipments of coal handled through the carrier's yards at Port Richmond, Pa. (Woolverton, pp. 1053-1066, Commission's Exhibit J.) These records gave the coal and iron company information as to the shipments made by its competitors. This practice was discontinued in August, 1913, as result of an investigation by the Commission's examiners.

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY.

The control of the Central Railroad Company of New Jersey was acquired by Reading Company in 1901. The following is quoted from page 13 of Reading Company's report to stockholders for the year 1901:

In January, 1901, Reading Company purchased 145,000 shares out of a total of 272,138 shares of the capital stock of the Central Railroad Company of New Jersey, the price paid being \$160 per share. This sum was paid by the sale of 60,353 first preferred shares and 34,275 second preferred shares, and the issue of \$23,000,000 4 per cent collateral trust bonds due in 1951, which were secured by the deposit of 145,000 shares of the capital stock of the Central Railroad Company of New Jersey, 29,900 shares of the capital stock of the Perkiomen Railroad, and 4,400 shares of the capital stock of the Port Reading Railroad Company.

The acquisition of the control of the Jersey Central is not only of enormous advantage because of the additional facilities given to the system, but through this acquisition the Reading system now owns and controls about 63 per cent of all the unmined anthracite coal in the state of Pennsylvania.

On April 12, 1901, the president of the Reading system was elected president of the Central Railroad Company of New Jersey.

Approximately 87 per cent of the anthracite coal shipped from collieries on the lines of railway operated by the above respondent in the month of November, 1912, was shipped by two coal companies, the Lehigh & Wilkes-Barre Coal Company, which shipped 58 per cent, and the Lehigh Coal & Navigation Company, which shipped 29 per cent of the total tonnage of shipments made. The respondent owns practically the entire capital stock, \$8,491,150, of the Lehigh & Wilkes-Barre Coal Company (hereinafter called the coal company). For the years 1910, 1911, 1912, and 1913 the coal company paid to the respondent annual dividends on its stock at the rate of 13 per cent. The coal company paid no dividends on its stock prior to the year 1910. The respondent acquired this stock during the period 1874 to 1909 at a cost of \$6,324,275.08, and has written down \$3,785,719.41 of the cost by charges to profit

and loss surplus. In addition to its investment in the stocks of the coal company the respondent made the following advances to the coal company:

Year.	Amount advanced during year.	Amount received during year in payment of advances.	Book value of balance due at close of year.
1880.....			\$797,937.27
1881.....	\$180,000.00		977,937.27
1882.....	422,015.63	\$542,015.63	857,937.27
1883.....	726,275.00		1,584,212.27
1884.....	1,454,263.92	100,000.00	2,938,476.19
1885.....	86,748.61		3,025,224.80
1886.....			3,025,224.80
1887.....			3,025,224.80
1888.....			3,025,224.80
1889.....			3,025,224.80
1900.....			3,025,224.80
1901.....			3,025,224.80
1902.....		469,817.27	2,555,407.53
1903.....			
1904.....		810,793.44	1,744,614.09
1905.....		995,278.74	749,335.35
1906.....		749,335.35	

Further, as to financial assistance extended by the respondent to the coal company it appears that the coal company's income bonds B were issued November 1, 1881, to the respondent, amounting to \$2,353,000 and bearing interest at 7 per cent per annum if earned, in payment of cash advances and other indebtedness. In 1889 interest amounting to \$329,420 was paid on these bonds. This was the only payment of interest on the bonds made by the coal company during the period 1881 to 1900, inclusive. The respondent also held the 7 per cent consolidated mortgage bonds issued by the coal company on April 27, 1875, amounting to \$6,116,000, due in 1900. Up to the date of maturity of these bonds only a small portion of the interest had been paid. In 1900 the accrued interest was added, which increased the principal to \$12,175,000. The rate of interest was reduced to 4½ per cent per annum and the bond issue was so carried until refunded by the coal company's bond issue of June 1, 1910. Most of the matured funded debt of the coal company was refunded by its issue of 4 per cent consolidated gold loan bonds on June 1, 1910, amount, \$16,996,000. The respondent is guarantor of the payment of the principal and interest of these bonds of the coal company.

The officers and directors of the respondent who are also officers and directors of the coal company are as follows:

George F. Baer was president and director of both companies until his death which occurred in June, 1914.

George F. Baker is chairman of the executive committee of the respondent and is a director of the respondent and coal company.

E. T. Stotesbury is a director of both respondent and coal company.

George O. Waterman is secretary and treasurer of both respondent and coal company.

TRANSMISSION OF MESSAGES BY TELEGRAPH.

The record in this case shows that the telegraph wires of respondent, the Central Railroad Company of New Jersey, up to the date of hearings in this case were used to transmit messages sent by the Lehigh & Wilkes-Barre Coal Company relating to the purchase and sale of anthracite coal and not to transportation matters. The coal company was not required to pay any charges for the transmission of the telegrams. Counsel for the respondent stated that the practice had been discontinued.

LEHIGH COAL & NAVIGATION COMPANY.

The Lehigh Coal & Navigation Company (hereinafter termed the navigation company) was incorporated under the laws of the state of Pennsylvania and is engaged in

the mining of anthracite coal in the Panther Creek district of the Lehigh region. Its coal product is approximately 3,500,000 tons of anthracite coal annually, and 75 per cent of this production is shipped to market over the railway lines of the Central Railroad Company of New Jersey. The navigation company owns the lines of railway which are operated by the respondent extending westward from Phillipsburg, N. J., on the Delaware River to the mining regions. The principal lines are known as the Lehigh & Susquehanna Railroad and branches and are leased to the respondent during the continuance of the charters of the said companies and of any renewals of the same, provided, however, that the term of the lease of the Nesquehoning Railroad shall not extend beyond a term of 999 years from the 4th day of November, 1868, less one day. A copy of the lease was filed with the Commission in 1892. The compensation fixed in the lease provided in the first paragraph is as follows:

First. That they the parties of the second part (Central Railroad Company of New Jersey) shall and will take and well and efficiently operate at their own cost and risk the said demised premises, and all such extensions and additions as may be hereafter made of and to the same under the provisions of this agreement; and shall and will pay to the parties of the first part (navigation company) for the use of the same, at the times hereinafter mentioned, one-third of the gross receipts from the traffic or business of the said demised premises and extensions and additions thereto, without any other deductions therefrom than are hereinafter mentioned.

The lease further provides that the minimum rental to be paid by respondent shall not be less than \$1,414,400 annually, and the maximum rental to be paid is fixed at \$2,043,000, together with a further sum in each year equal to 7 per cent of the amounts which shall be charged after December 31, 1882, upon the books of the Lehigh Coal & Navigation Company for payments for right of way or for expenditures for additions and betterments to the property of the Lehigh & Susquehanna Railroad. The lease obligates the navigation company to ship 75 per cent of its coal production over the Lehigh & Susquehanna Railroad. The value of the Lehigh & Susquehanna Railroad was \$16,010,304.11 on December 31, 1912, as shown by the balance sheet of the navigation company. Owing to the large volume of traffic hauled over the Lehigh & Susquehanna Railroad the maximum rate of rental has accrued to its owners during each of the past four years, which compensated the navigation company by upwards of 10 per cent on its investment.

In addition to the rental paid to the navigation company by respondent, the respondent was obligated by the said lease to apply on all the anthracite coal shipped by the navigation company and transported by respondent a certain basis of rates which is described in the tenth covenant of the lease, as follows:

Tenth. The parties of the second part (Central Railroad Company of New Jersey) further covenant and agree, that on coal delivered for transportation by the parties of the first part (navigation company) on sidings at the northern end of the Nesquehoning Tunnel, the rates of transportation shall not exceed the rates charged at the same time from Penn Haven to the same points, on coal from the Lehigh region, either by the parties of the second part or by the Lehigh Valley Railroad Company.

It appears that the basis of rates which the respondent was obligated to apply on the shipments of the navigation company in accordance with the said tenth covenant of the lease was a lower basis of rates than the respondent published in its tariffs and filed with this Commission, and in order to reduce its filed and published rates to the basis described in the tenth covenant of the lease the respondent refunded to the navigation company from 11 to 21 cents per ton on each ton of anthracite coal shipped by the navigation company through Hauto, Pa., and from 14 to 23 cents per ton on each ton of anthracite coal shipped by the navigation company from Nesquehoning, Pa., over the lines of railway of the respondent. These refunds were termed by the respondent "lateral allowances." They varied as to the different sizes of coal and as to the point to which the coal was transported. On coal shipped from Nesquehoning to points on the central division of the respondent the allowances paid were 23 cents per ton on prepared sizes, 20 cents per ton on pea size, and 17 or 18 cents per ton on the smaller sizes of coal. On coal shipped from Nesquehoning to tidewater the allow-

ances paid were 19.18 cents per ton on prepared sizes, 17½ cents on pea size, and 14.7 cents per ton on buckwheat sizes of coal. The allowances paid on coal shipped via Hauto were 2 cents per ton less than the allowances paid on the shipments from Nesquehoning. During the 30 months period, July, 1910, to December 31, 1912, the allowances so paid averaged \$37,568 per month. The shipper employed its own locomotives in moving the empty cars from Hauto to the collieries and in assembling the loaded cars at Hauto. The respondent, the Central Railroad Company of New Jersey, performed all the switching services on the shipments from Nesquehoning. No transportation service whatever was rendered by the shipper at this point. The allowances paid on coal shipped from Nesquehoning amounted to \$11,232 for the month of November, 1912.

The tariffs of the respondent filed with this Commission make reference to the several allowances in the following manner:

In compliance with the tenth covenant of the lease from the Lehigh Coal & Navigation Company, under which the Central Railroad Company of New Jersey operates the Lehigh & Susquehanna Railroad, a lateral allowance is made out of the herein-named rates to the Lehigh Coal & Navigation Company, on all anthracite coal originating on the latter's tracks in the Panther Creek, Nesquehoning, and Hackelbush districts mined and shipped by it, when coming via Hauto, Nesquehoning, and Mauch Chunk gateways.

The covenant referred to is set forth in the lease of March 31, 1871, and recorded in Deed Book No. 22, page 480, of Luzerne county, and Deed Book No. 43, page 339, of Lackawanna county, Pennsylvania.

The respondent's tariffs do not, and have not published the rates which it assessed on shipments of anthracite coal it transported for the navigation company. The tariffs did not inform the Commission of the rates actually charged the navigation company nor did they inform any competing shippers of the rates assessed by the respondent on the coal shipped by the navigation company. Most of the shipments of anthracite coal shipped by the navigation company and transported by the respondent were interstate shipments.

Up to and including the month of December, 1910, the respondent paid to the Lehigh Coal & Navigation Company 10.8 cents per ton on prepared sizes of anthracite coal and 9 cents per ton on smaller sizes of anthracite coal for services rendered at Elizabethport in transferring the navigation company's own shipments and the shipments of others from cars to vessels. This allowance was not published in the carrier's tariffs.

The following figures show the allowance made by the carrier on each ton (2,240 pounds) of anthracite coal shipped by the navigation company in November, 1912

Destined to—	Size.	From Hauto, Pa.	From Nesquehoning, Pa.
		Cents.	Cents.
P. R. R. points.....	Various.....	21	2
N. P. R. R. points, Bethlehem Steel Co.....	Various.....	21	2
P. & R., Allentown-Bound Brook division.....	Culm.....	16	2
L. & S. division below Mauch Chunk.....	Prepared.....	21	2
N. J. Zinc Co., Hazard, Pa.....	Various.....	11	2
L. & H. Ry. points.....	Culm.....	21	2
	Prepared.....	21	2
Central division points.....	Prepared.....	21	2
	Pea.....	18	2
	Buckwheat.....	16	2
	Culm.....	15	2
West Shore R. R. points.....	Prepared.....	21	2
N. Y. C. & H. R. R. R. points.....	Pea.....	18	2
	Prepared.....	21	2
Long Island R. R. points.....	Prepared.....	21	2
	Pea.....	18	2
	Buckwheat.....	15	2
Elizabethport, N. J., tidewater.....	Prepared.....	19.18	2
	Pea.....	17.5	2
	Buckwheat.....	14.7	2

BURNS BROTHERS LEASE.

In a lease dated June 15, 1910, for a period of 10 years, the respondent leased to Burns Brothers, a corporation, engaged in selling coal in New York and surrounding district, four parcels of property situated in Jersey City, N. J., and owned by the respondent. These properties consisted of the Manhattan Yard coal trestle, Pier 8, and two retail coal trestles. The Manhattan Yard coal trestle is a large concrete structure with inclosed pockets and storage bins. Its cost of construction to the respondent was \$181,482 in 1910. It is situated near respondent's ferry line to New York City, and the trucks of Burns Brothers take on coal from the chutes of this trestle and deliver the coal to consumers in New York City and the surrounding district. At the docks known as Pier 8, operated by Burns Brothers, large quantities of coal are transferred from cars to vessels for delivery in New York harbor. For these several properties Burns Brothers, in accordance with the lease, pays \$30,000 per annum rental. For the services rendered by Burns Brothers in transferring coal from cars to vessels at the docks, as provided in the sixth and seventh paragraphs of the lease, the respondent pays out of its rates to Burns Brothers 12 cents per ton on all bituminous coal and steam sizes of anthracite coal so handled, and 15 cents per ton on all prepared sizes of anthracite coal so handled. These paragraphs and the second paragraph of the lease read as follows:

Sixth. It is mutually covenanted and agreed that the lessor, as a part of its transportation duty, will, during the continuance of this demise, deliver all coal and coke (so consigned) by placing the loaded cars upon the trestles or pier situate upon the demised premises and remove the empty cars therefrom without charge.

Seventh. The lessee will, at its own sole cost and expense, furnish all the labor and other services required to unload and ship the coal, but at the pier on parcel IV the lessor agrees to pay to the lessee for such labor and services the sum of twelve (12) cents per ton on all bituminous coal and steam sizes of anthracite coal, and the sum of fifteen (15) cents per ton on all prepared sizes of anthracite coal.

In the second paragraph of the lease Burns Brothers did covenant and agree—

To purchase all anthracite coal handled at and on said demised premises from points north or west from Mauch Chunk, Carbon county, Pa., to cause all coal so there purchased to be transported thence over the lines of railroad owned, controlled, or operated by the Lessor, and to purchase all bituminous coal or coke handled at and on said demised premises from points in the bituminous coal-producing regions tributary to lines having joint rates and forming through routes with the lessor and its railroad, to the end that the lessor shall obtain the greatest possible haul over its line, and, to the extent of the said lessee's power and control, direct the shipments of said bituminous coal and coke by way of Hauck's Switch, Allentown, or Buttonwood, Pa., or Bound Brook, N. J., and thence over the lines owned, controlled, or operated by the lessor, and to so annually purchase and cause to be transported to, and handled at, the said Demised Premises each and every year during the continuance of this lease not less than five hundred thousand (500,000) gross tons of coal and coke, giving preference on equal terms to coal of the Lehigh & Wilkes-Barre Coal Company; it being understood and agreed that the said annual tonnage shall be computed from the 1st day of July to and including the next ensuing 30th day of June in each and every year during the continuance hereof. This agreement to purchase said amount of coal is further conditioned upon its being purchasable at average market prices ruling from time to time at shipping ports in New York Harbor.

The allowances paid to Burns Brothers in accordance with the sixth and seventh paragraphs of the above lease amounted to \$31,793.88 for the year ended June 30, 1911, \$37,240.77 for the year ended June 30, 1912, and \$30,023.20 for the year ended June 30, 1913. In each year they exceeded the rental paid by Burns Brothers for the four properties, and a large part of the allowances were paid on shipments consigned to Burns Brothers. The Commission's examiners found that it cost the respondent 3.514 cents per gross ton for handling coal over its Elizabethport docks and 3.147 cents per gross ton for handling coal over its Port Johnston docks. While a much larger quantity of coal is handled over the last-mentioned docks than is handled by Burns Brothers, the figures show that the carrier could itself perform the service Burns Brothers are performing on Pier 8 for much less than the allowance it pays to Burns Brothers. The allowance paid to Burns Brothers is not published in the carrier's tariffs.

PENNSYLVANIA RAILROAD COMPANY—NORTHERN CENTRAL RAILWAY COMPANY.

The record shows that on June 30, 1913, the Pennsylvania Railroad Company and the Northern Central Railway Company owned the entire capital stocks of the following companies that are engaged in mining or selling anthracite coal—the Susquehanna Coal Company, the Mineral Railroad & Mining Company, and the Summit Branch Mining Company. The stock of these companies owned by the Pennsylvania Railroad Company was as indicated below:

	Par value.	Original cost to P. R. R. Co.	Book value.
Mineral Railroad & Mining Co.....	\$100,002	\$100,002	\$
Summit Branch Mining Co.....	25,000		1
Susquehanna Coal Co. ¹	2,136,800	2,136,800	716.00

¹ The Susquehanna Coal Co. ships and sells in the markets the coal production of the two other coal companies.

The Pennsylvania Railroad Company carries the value of the stock of the Mineral Railroad & Mining Company in its books at \$1, having charged \$100,001 of the cost of the said stock to its profit and loss account. It carries the stock of the Susquehanna Coal Company in its accounts at a book value of \$716, 600, having charged off \$1,420,200 of its original cost to profit and loss and income.

The Northern Central Railway Company owns \$199,998 par value of the stock of the Mineral Railroad & Mining Company, which it acquired previous to the year 1891 at a cost of \$199,998, and it carries this stock in its accounts at a book value of \$1, having charged off \$199,997 of its cost, viz, \$35,000 to income and \$164,997 against premium realized on the sale of its own (Northern Central Railway Company) stock.

No dividends have been declared by these coal companies, nor have the carriers received any dividends from the said stocks since the year 1897, excepting a dividend of 4 per cent which was declared by the Susquehanna Coal Company the latter part of the year 1912, some time after the commencement of this investigation.

It appears that the Pennsylvania Railroad Company and the Northern Central Railway Company have made the following advances to the anthracite coal companies named below and have charged such advances off to profit and loss or to income:

ADVANCES MADE BY PENNSYLVANIA RAILROAD COMPANY.

Year ended June 30—	Company.	Amount.	Account to which charged.
1898.....	Summit Branch Coal Co.....	\$42,529.07	Profit and loss.
1899.....	do.....	255,940.19	Do.
1901.....	do.....	52,880.23	Do.
1902.....	do.....	266,457.81	Do.
1904.....	Summit Branch Mining Co.....	328,942.43	Do.
1905.....	do.....	103,919.29	Do.
1912.....	do.....	69,453.70	Do.
Total.....		1,120,122.72	

ADVANCES MADE BY NORTHERN CENTRAL RAILWAY COMPANY.

1894.....	Mineral R. R. & Mining Co.....	\$126,000.00	Profit and loss.
1895.....	do.....	124,000.00	Income.
1896.....	do.....	175,000.00	Do.
1897.....	do.....	47,000.00	Do.
Total.....		472,000.00	

There were no outstanding bond issues of the three said coal companies on December 31, 1912, but the Susquehanna Coal Company was indebted to the Pennsylvania Railroad Company to the amount of \$6,000,000, which was represented by a certificate of indebtedness given by the coal company to the carrier. This loan was not secured by a mortgage on the property of the coal company, the only security being, as testified by Vice President Ross of the Coal Company (page 678), the good faith of the coal company. Up to the month of April, 1911, the Susquehanna Coal Company deposited its receipts with the Treasurer of the Pennsylvania Railroad Company. The record shows (page 681) that the Pennsylvania Railroad Company furnished the Susquehanna Coal Company with the funds it required for its current operations, and that such moneys were repaid at times suiting the convenience of the coal company. The Susquehanna Coal Company furnished the two other coal companies with current working funds.

COAL MINED BY MINERAL RAILROAD & MINING COMPANY.

The record shows that the Susquehanna Coal Company takes the entire output of coal produced from collieries of the Mineral Railroad & Mining Company, and it is therefore the shipper of this production. It also, as before indicated, assumes all deficits resulting from the operations of the Mineral Railroad & Mining Company.

The Northern Central Railway Company owns 4,948 acres of anthracite coal producing lands situated near Shamokin, Pa. Under a lease dated July 10, 1878, to run for 10 years, which was subsequently extended to run for a period of 999 years computed from and after the date February 27, 1863, the carrier leased the said lands to the said mining company. The compensation to be paid to the carrier by the mining company for said property is set forth in the following manner in the original lease:

And it is understood and agreed, That this lease shall not convey the title to the ownership of any of the lands in question. For and in consideration of the rights and valuable privileges herein conveyed to them the parties of the second part agree to pay for each and every gross ton of coal of 2,240 pounds weight, mined and sold by them from the lands in question on or after January 1, 1878, but not including any coal used or to be used by the lessees for mining purposes, the sum of 20 cents for all prepared sizes and 10 cents for nut coal and all smaller sizes. Such payments to be made hereafter not later than the 25th day of each and every month for such coal sold during the previous month.

The supplementary agreement which extended the period of the said lease to run for 999 years increased the rate of royalty to be paid on such coal mined after the date January 9, 1892, to 28 cents per gross ton, as follows:

The said extended term is to be upon the same terms and conditions as the said original lease, dated July 10, 1878, in all respects except only the stipulation in the last clause thereof respecting the payment of money by the lessee to the lessor, which stipulation has been performed, and also except the royalties ascertained as rentals in said lease, which shall from and after the commencement of the term hereby granted be at the rate of 28 cents per ton for every gross ton of coal of all sizes of 2,240 pounds weight mined and sold by the lessee or its subtenants from the said premises.

The comptroller of the Northern Central Railway Company (pp. 733-736) testified that the carrier had not presented any bills to the lessee for the said royalties in recent years, and that the carrier had not collected any royalties which accrued under the said lease. The testimony of Vice President Ross of the mining company (pp. 687-688) on this point was as follows:

Q. Has the railway ever asked the coal mining company to pay that royalty?

Mr. Ross. They asked about every year. They asked what we are going to do. We say, "We have it got anything with which to pay you."

Q. For how many years have they been asking and getting that answer?

Mr. Ross. I should judge for six or seven years.

Q. Are the operations of the Mineral Railroad & Mining Company profitable?

Mr. Ross. They about break even.

Q. Without paying any royalty?

Mr. Ross. Yes. If they paid the royalty they would be in a hole, and the sheriff would get them, I guess.

The Pennsylvania Railroad Company owns the capital stock, \$2,000,000, of the Manor Real Estate & Trust Company and its mortgage of \$546,125. The carrier has advanced to the real estate company from time to time large sums of money. The amount due the Pennsylvania Railroad Company for such advances was \$1,312,416.51 on December 31, 1913. The Northern Central Railway Company has also advanced large sums of money to the real estate company. The balance due the Northern Central Railway Company for such advances was \$894,868.78 on December 31, 1913.

The Manor Real Estate & Trust Company holds title to approximately 924 acres of anthracite coal producing lands in Northumberland county in the Schuylkill region. In a lease, of the date February 17, 1891, the real estate and trust company leased these lands to the Mineral Railroad & Mining Company for a period of 971 years, fixing the compensation therefor at 28 cents per ton for each ton of coal mined and sold from the premises by the lessee.

While large quantities of coal have been mined from the lands no royalties have been collected from the lessee. The real estate company has waived collection of royalty earnings on the coal mined in a manner similar to the action of the Northern Central Railway Company in waiving collection of royalty earnings.

The amount of royalty earnings which accrued for coal mined by the mining company from the lands of the Northern Central Railway Company and the Manor Real Estate & Trust Company during recent years, no part of which was collected, was as follows:

Year.	Manor Real Estate & Trust Co.		Northern Central Ry. Co.		Total accrued royalty earnings.
	Tons.	Amount.	Tons.	Amount.	
1909.....	271,896	\$76,130.88	1,468,508	\$416,782.24	\$492,913.12
1910.....	285,458	79,936.64	1,539,974	429,512.72	505,485.40
1911.....	335,542	93,951.76	1,682,893	471,210.04	595,161.80
1912.....	326,222	91,842.16	1,618,164	453,085.92	544,927.08
1913.....	360,968	101,062.64	1,841,456	515,607.68	616,670.32
Total.....	1,580,086	442,424.08	8,164,995	2,286,198.60	2,728,622.68

The taxes paid by the Northern Central Railway Company on the properties leased to the Mineral Railroad & Mining Company amounted to \$20,784.30 during the year 1912. From the testimony it appears that no royalty charges have been collected for the coal mined from these coal-producing lands since the year 1905.

THE DELAWARE & HUDSON COMPANY.

Most of the coal-producing lands owned by the Delaware & Hudson Company (hereinafter termed the respondent) were acquired previous to 1870. Stocks and bonds of the respondent were issued for that purpose. The bonds were subsequently paid off (pp. 13-19), so that the investment is now represented by stock issues of the respondent. The respondent has since 1908 invested \$5,687,260.53 in coal-producing lands in the Schuylkill region. Title to the lands in the Schuylkill region is vested in the Sateroke Coal Company and in the Schuylkill Coal & Iron Company, to whom the respondent advanced the said sums for the purchase of the lands. This sum the respondent raised from the proceeds of its 4 per cent first and refunding gold mortgage bonds authorized on May 12, 1908. The Schuylkill lands are not reached by the rails of the respondent, and they are undeveloped. The respondent had derived no income from the properties in the Schuylkill region up to the time hearings were had in this case.

The Delaware & Hudson Company on June 30, 1912, owned the entire capital stocks of the following anthracite coal companies:

Company.	Par value.	Book value.
Hudson Coal Co.....	\$2,500,000	\$2,400,001
Northern Coal & Iron Co.....	1,500,000	1,500,000

The Northern Coal & Iron Company owns extensive tracts of anthracite coal producing lands and about 22 miles of railroad extending between Green Ridge, Pa., Wilkes-Barre, Pa., and Buttonwood, Pa. The respondent owns all the stock of the Northern Coal & Iron Company and advanced the funds it required for the acquisition of its property and in the construction of its railroad. The Delaware & Hudson Company operates the railroad and the coal lands of the Northern Coal & Iron Company.

THE HUDSON COAL COMPANY PREVIOUS TO JULY, 1909.

On March 9, 1901, the Delaware & Hudson Company purchased the charter of the Hudson Coal Company for \$27,500. At that time the Hudson Coal Company owned no properties, and it was not an active corporation. It possessed a valuable charter. After purchasing the said charter, the Delaware & Hudson Company advanced to the Hudson Coal Company \$150,000 in March, 1901. During the year 1901 the Delaware & Hudson Company purchased anthracite coal properties, expending therefor approximately \$1,500,000, and it transferred the title to the property to the Hudson Coal Company, accepting in payment therefor the same amount (\$1,500,000) debenture bonds of the Hudson Coal Company. In May, 1902, the Delaware & Hudson Company guaranteed the payment of the principal and interest of \$1,850,000 four per cent bonds issued by the Hudson Coal Company. The coal company used the proceeds of this bond issue for the purchase of additional coal properties.

During the period from 1901 to July, 1909, the Delaware & Hudson Company mined the production of anthracite coal both from the properties of the Hudson Coal Company and from its own properties. The respondent transported and sold this coal production in the markets. The respondent (p. 1313) paid the interest and yearly installments of principal on the said bonds of the coal company during the said period, giving the coal company credit for the coal mined from its lands. Any deficiency in the amount required for the principal and interest on the securities of the coal company was advanced by the Delaware & Hudson Company. As testified to by a competent witness, all receipts and disbursements of both companies went into and came out of a common treasury. The coal company did not issue any capital stock until February 1, 1911, and on that date it issued \$2,400,000 capital stock, which was acquired by the Delaware & Hudson Company, as hereafter noted.

THE HUDSON COAL COMPANY SUBSEQUENT TO JULY, 1909.

After the decision by the Supreme Court in the *Commodities case* in 1909, the sales operations of the Delaware & Hudson Company were assumed by the Hudson Coal company. Under two agreements, dated June 1, 1909, between the Delaware & Hudson Company and the Hudson Coal Company, the Delaware & Hudson Company as mined the anthracite coal from the properties owned by the Delaware & Hudson company and from those properties title to which is vested in the Hudson Coal Company, and the coal company has purchased the entire output at the pit mouth; that is, before the coal is passed through the breakers. The coal company operates the

breakers and markets the coal. At the time of entering into these agreements the respondent sold to the coal company the entire stock of anthracite coal which it had on hand and in storage at various points on its line.

There were considerable sums of money due the respondent in June, 1909, from purchasers of its coal; that is, unpaid customers' accounts, which the respondent transferred to the Hudson Coal Company and accepted in payment therefor the capital stock of the Hudson Coal Company of the par value \$2,400,000. The stock was not issued until February, 1911.

The respondent is guarantor of the payment of principal and interest on \$1,075,000 bonds of the Hudson Coal Company.

THE ERIE RAILROAD COMPANY.

The Erie Railroad Company owns the entire capital stock of the following anthracite coal companies:

	Par value.
Hillside Coal & Iron Co.....	\$1,000,000
Pennsylvania Coal Co.....	5,000,000

It also owns \$145,700 of the capital stock of the Temple Iron Company. No dividends have been received by the carrier on the stock of the Hillside Coal & Iron Company or the Temple Iron Company.

In 1901 the carrier purchased from J. P. Morgan & Company the capital stock of the following companies:

Company.	Shares.	Par value.
Pennsylvania Coal Co.....	100,000	\$5,000,000
Erie & Wyoming Valley R. R. Co.....	15,200	760,000
Delaware Valley & Kingston R. R. Co.....	2,500	250,000
		6,010,000

In payment for these properties the carrier issued to J. P. Morgan & Company \$5,000,000 of its first preferred stock and \$32,000,000 of its 4 per cent Pennsylvania collateral 50-year gold bonds. The carrier previous to this purchase owned 49 per cent of the stock of the Erie & Wyoming Valley Railroad Company, and by this purchase it acquired the remainder of the stock of the Erie & Wyoming Valley Railroad Company. The Delaware Valley & Kingston Railroad Company was to be a new railway line to tidewater. Its construction was promoted by the Pennsylvania Coal Company, but was discontinued as a result of this purchase. The premium, \$2,259,626, paid by the respondent, Erie Railroad, for these properties was charged to the respondent's cost of road.

In 1898 the Erie Railroad Company acquired the entire capital stock of the New York, Susquehanna & Western Railroad by issuing, in exchange therefor, its own capital stock, preferred \$13,000,000 and common \$13,000,000, in exchange for the capital stock of the New York, Susquehanna & Western Railroad Company, thus acquiring the control of a competing railway line to tidewater. Of the capital stock of the New York, Susquehanna & Western Railroad Company, 51 per cent is pledged as security for the \$32,000,000 4 per cent bonds mentioned.

It is not possible to ascertain what the Erie Railroad Company paid for its interest in the Hillside Coal & Iron Company. In answer to a request for such information the respondent, Erie Railroad Company, gave the following answer:

NOTE A.—These securities were received from the reorganization committee of the New York, Lake Erie & Western Railroad Company as part of the railroad and property acquired by the Erie Railroad Company as a result of the foreclosure and reorganization of the New York, Lake Erie & Western Railroad Company, and were entered on the Erie books at the amounts stated.

The balance sheets of the Hillside Coal & Iron Company show a profit and loss deficit of \$2,500,800 on June 30, 1912, and it was larger during the three preceding years.

The operations of the Hillside Coal & Iron Company resulted in deficits previous to the year 1909 as indicated in the following figures:

1904.....	\$251,426.08
1905.....	179,034.39
1906.....	41,658.28
1907.....	141,483.10
1908.....	176,369.63

The funds required for the said deficits in the operations of the Hillside Coal & Iron Company in those years were provided by the Erie Railroad Company. Interest has been paid by the coal company on the loans.

NEW YORK, ONTARIO & WESTERN RAILWAY COMPANY.

The New York, Ontario & Western Railway Company owns the entire capital stock of the Scranton Coal Company and the Elk Hill Coal & Iron Company, and also certain bonds of the two coal companies. Its ownership of securities of these coal companies on June 30, 1912, was as follows:

	Principal or par value.
Elk Hill Coal & Iron Company:	
Capital stock.....	\$60,000.00
Bond, first mortgage and supplemental first mortgage, 5 per cent.....	1,400,000.00
Bond and second mortgage, 5 per cent.....	2,400,000.00
Scranton Coal Company:	
Capital stock.....	200,000.00
Bond and second mortgage, 5 per cent.....	1,170,000.00
Mortgage on property of Riverside Coal Company, assumed by Scranton Coal Company.	116,333.87

Under an agreement dated February 1, 1899, between the New York, Ontario & Western Railway Company and the Scranton Coal Company the railway company advanced to the coal company \$3,975,000 to provide the coal company with funds for the purchase of coal properties of the Lackawanna Iron & Steel Company. As security for the amount so advanced the coal company gave to the railway company its first-mortgage bonds to the amount of \$2,500,000 and its second-mortgage bonds to the amount of \$1,475,000.

In 1900 the coal company reduced the principal of the second-mortgage bonds to \$1,170,000 by the payment of \$305,000. Previous to 1902 the coal company paid interest on the second-mortgage bonds at the rate of 5 per cent, and from 1902 to 1907 it paid interest at the rate of 4 per cent. Since 1907 the coal company has not paid any interest on the said second-mortgage bonds. The accrued unpaid interest amounted to \$253,500 on June 30, 1912.

Under an agreement dated November 30, 1900, the New York, Ontario & Western Railway Company advanced to the Elk Hill Coal & Iron Company the sum of \$5,900,000 to provide the coal and iron company with funds to purchase various anthracite coal producing properties. As security for the amount so advanced the coal and iron company gave to the railway company its first-mortgage bonds to the amount of \$3,500,000 and its second-mortgage bonds to the amount of \$2,400,000.

Previous to July 1, 1901, the coal and iron company paid interest on its second-mortgage bonds at the rate of 5 per cent, and from July 1, 1901, to June 1, 1906, it paid interest at the rate of 4 per cent per annum. No interest has been paid on the second-mortgage bonds since June 1, 1906, and the accrued interest unpaid on June 30, 1912, amounted to \$584,000. The agreements obligate the two coal companies to ship their entire output over the railway lines of the New York, Ontario & Western Railway company.

As shown (Morgan Exhibit No. 32), the accrued and unpaid interest due from the coal companies to the railway company was \$837,500 on June 30, 1912. The coal companies have also been accorded extended credit for transportation charges, and the carrier has borrowed funds in recent years on short-time loans, which is in part due to the funds it has invested in the coal companies on which it receives no income.

The Scranton Coal Company under a contract operates the property of the Elk Hill Coal & Iron Company, ships its product from the mines, and sells it in the market. The operations of the Scranton Coal Company have generally resulted in deficits (Morgan Exhibit No. 34). In 1907 its operations resulted in a profit of \$56,690.14, but in succeeding years the following deficits resulted from its operations: in 1908, \$252,400.30; in 1909, \$493,574.52; in 1910, \$387,799.46; in 1911, \$411,142.35; in 1912, \$67,648.26. On June 30, 1912, the accrued deficit of the Scranton Coal Company was \$1,025,399. As the accrued and unpaid interest due from the Scranton Coal Company to the carrier on June 30, 1912, was \$865,420.13, and considering the extended credit granted by the carrier to the coal company as hereinafter described, it is apparent that the carrier has furnished the Scranton Coal Company with the funds it requires to sustain the said deficits.

On December 18, 1910, the Scranton Coal Company entered into a contract with the Hudson Coal Company whereby it purchased from the Hudson Coal Company 1,000,000 tons of coal annually, which is sold mostly at tidewater, thereby succeeding to the contract on which it has heretofore been shown that the Hillside Coal & Iron Company sustained a loss of 19.31 cents per gross ton. This contract was to run for four years on and after the date April 1, 1911. The Scranton Coal Company commenced to take this coal in April, 1911. The New York, Ontario & Western Railway Company has paid the Delaware & Hudson Company the following proportions of the joint rates to tidewater:

	Cents.
Prepared sizes.....	60
Pea.....	53
Buckwheat, No. 1.....	45
Smaller sizes.....	40

The coal is moved from the mines to Jermyn, Pa., by the Delaware & Hudson Company, thence to tidewater (Weehawken, N. J.) by the New York, Ontario & Western Railway. The New York, Ontario & Western Railway Company hauls the coal from Jermyn to Weehawken, 202 miles, for the remaining proportions of the joint rate, \$1 on prepared sizes, 93 cents on pea, 85 cents on buckwheat, and 75 cents per gross ton on smaller sizes. Approximately 73,500 gross tons of this Delaware & Hudson coal was so transported by the New York, Ontario & Western Railway to tidewater in November, 1912, for an average revenue of 96½ cents per gross ton.

The maximum rates applicable from Delaware & Hudson collieries to Dickson, Pa. and Jermyn, Pa., as published in Delaware & Hudson local tariff, I. O. C. 11232, are 50 cents per gross ton on prepared sizes, 45 cents per gross ton on pea coal, and 40 cents per gross ton on smaller sizes.

CREDIT FOR TRANSPORTATION CHARGES.

The carrier grants extensive periods of credit to the Scranton Coal Company in transportation charges on its shipments. This practice is indicated in the payment of freight charges stated below:

85 I. C. C.

Shipments, month of—	Freight charges.	Time of payment.	
		Month.	Amount.
1911.		1912.	
December	\$475,511.60	February ...	\$330,000.00
		March	145,511.60
1912.			
January	493,413.60	March	403,413.60
		April	90,000.00
February	606,890.65	April	335,892.65
		May	250,000.00
		June	20,000.00
March	547,926.00	June	112,926.00
		July	270,000.00
		April	25,000.00
		August	140,000.00
April	6,795.23	August	6,795.23
May	114,671.82	August	114,671.82
June	393,782.40	August	8,782.40
		September ..	240,000.00
		October	145,000.00
July	435,093.08	October	150,000.00
		November ..	285,093.08
August	431,483.62	November ..	89,483.62
		December ...	345,000.00
September	403,476.72	December ...	108,476.72
		1913.	
		January	295,000.00
October	381,643.08	January	256,643.08
		February ..	125,000.00
November	372,418.29	February ..	372,418.29

THE LEHIGH VALLEY RAILROAD COMPANY.

The Lehigh Valley Railroad Company owns the entire capital stock of the Lehigh Valley Coal Company, and Coxe Brothers & Company, Incorporated. Its ownership of securities of anthracite coal companies on June 30, 1912, was as follows:

Company securities.	Par value.	Cost to L. V. R. R. Co.	Book value.
Lehigh Valley Coal Co. stock	\$1,965,000	\$1,956,112.90	\$1,422,005.43
Lehigh Valley Coal Co. bonds	7,500,000	7,695,910.11	7,500,000.00
Coxe Brothers & Co., Inc., stock	2,910,150	17,440,000.00	12,440,000.00
Highland Coal Co. stock	120,000	117,000.00	117,000.00
Packer Coal Co. stock	3,800	36,756.40	3,800.00
Temple Iron Co. stock	570,900	570,900.00	570,900.00
New York & Middle Coal Field Railroad & Coal Co. stock	1,216,325	634,585.01	546,850.50

In order to reduce the cost of the above securities to the book value indicated above, the Lehigh Valley Railroad has written off \$2,877,752.09 to profit and loss and \$3,000,000 to reserves; that is, \$534,107.47 of the cost of Lehigh Valley Coal Company's stock and \$2,000,000 of the cost of Coxe Brothers & Company's stock was so charged to profit and loss, and \$3,000,000 of the cost of the stock of Coxe Brothers & Company was charged off to reserves.

35 I. C. C.

LOANS AND ADVANCES TO THE LEHIGH VALLEY COAL COMPANY.

The advances made by the respondent were as follows:

Year ended June 30—	Amount advanced during year.	Amount paid respondent during year in settlement for sums advanced.	Book value of balance due on June 30
1890.....	\$1,977,213.89	\$855,000.00	\$10,242,41.2
1891.....	2,888,619.81	1,651,546.72	11,579,46.6
1892.....	930,116.65	930,116.65	11,579,46.6
1893.....	1,027,287.46	11,057,076.46	1,540,654.6
1894.....	1,338,594.25	450,000.00	2,438,338.6
1895.....	1,465,412.42	.....	3,307,683.2
1896.....	2,697,454.90	246,953.33	5,166,889.5
1897.....	2,470,000.00	5,970,000.00	1,079,914.8
1898.....	1,750,000.00	399,914.87	1,596,630.0
1899.....	1,250,000.00	428,200.00	1,396,630.0
1900.....	900,000.00	1,170,950.00	500,000.0
1901.....	2,200,000.00	374,300.00	1,500,000.0
1902.....	500,000.00	1,587,150.00	.....
1903.....	250,000.00	.....	.....
1904.....	550,000.00	550,000.00	.....
1905.....	2,180,000.00	2,180,000.00	.....

The following sums of principal or interest advanced by the railroad company to the coal company have been charged off to the profit and loss or income accounts of the respondent; that is, the coal company was not required to pay these sums to the respondent:

1896.....	\$506,625.00	1901.....	\$335,700.00
1898.....	500,650.00	1902.....	412,880.00
1897.....	586,974.98	1903.....	250,000.00
1898.....	833,350.00	Total.....	5,755,000.00
1899.....	833,250.00		
1900.....	825,700.00		

The respondent is guarantor of the principal and interest on \$11,514,000 bonds of the Lehigh Valley Coal Company, and \$463,000 bonds of the Temple Iron Company.

The Lehigh Valley Railroad Company also purchased the capital stock and properties of the following anthracite coal companies and sold the properties to the Lehigh Valley Coal Company:

Year purchased.	Company.	Cost to L. V. R. R. Co.	Selling price to L. V. Co. on July 19, 1905.
1901.....	Connell Coal Co.....	\$900,000	\$412.50
1901.....	Seneca Coal Co.....	1,000,000	712.50
1902.....	Righter Coal Co.....	270,000	200.00
1904.....	Warrior Run Mining Co.....	1,000,000	900.00
	Total.....	3,170,000	2,425.00

On July 19, 1905, the Lehigh Valley Railroad Company sold the above securities and other properties to the Lehigh Valley Coal Company, as follows:

The above companies.....	\$3,412,500
Wyoming Coal & Land Co.....	100.00
Hazleton Coal Co. bonds canceled.....	700.00
Lehigh Valley Co. bonds, 5 per cent bonds canceled.....	5,000.00
Lehigh Valley Co. bonds, 5 per cent 10-year bonds.....	2,000.00
Wyoming Coal & Land Co. mortgage, first mortgage bonds paid off.....	100.00
Discount on \$1,400,000 Lehigh Valley Coal Co. first mortgage bonds sold by Lehigh Valley R. R. Co.....	25.00
Total.....	\$3,517,500

In payment of this sum (\$10,537,000) the Lehigh Valley Coal Company gave to the Lehigh Valley Railroad Company its certificates of indebtedness. No interest was paid on these certificates of indebtedness prior to February, 1912. The failure on the part of the carrier to collect interest from the coal company was commented on in the Commission's opinion in the *Meeker case*, 21 I. C. C., 129, 23 I. C. C., 480.

The following letter, dated June 30, 1905, from Treasurer J. W. Platten, addressed to General Auditor G. N. Wilson, shows it was the intention of the carrier that the coal company should not pay any interest on the said \$10,537,000:

Copy of my letter of this date to Mr. Alderson, sending him the following certificates of indebtedness from the Lehigh Valley Coal Company to the Lehigh Valley Railroad Company: Connell, \$412,000; Seneca, \$773,000; Righter, \$292,000; Warrior Run, \$998,000; Wyoming Coal & Land Company, \$130,000; total, \$7,384,000.

For your information and guidance: These certificates of indebtedness should not appear as a bonded debt of the Lehigh Valley Coal Company. They should be brought on the books of the Lehigh Valley Railroad Company as certificates of indebtedness due from the Lehigh Valley Coal Company and on the books of the Lehigh Valley Coal Company as certificates of amount due the Lehigh Valley Railroad Company. They are not to bear any specific rate of interest and none is to be paid thereon.

You will note they will be deposited with the Girard Trust Company, trustee, later on.

The respondent on February 29, 1912, collected interest charges on the certificates of indebtedness and the certificates were retired in the following manner, as shown in the respondent's annual report to shareholders for the year 1912:

The certificates of indebtedness of the Lehigh Valley Coal Company, amounting to \$10,537,000, issued by that company to the Lehigh Valley Railroad Company some years ago to represent its indebtedness for advances made to it for capital expenditures, were redeemed on March 1. The Lehigh Valley Coal Company paid off \$3,087,000 of the same in cash at par and in exchange for the balance issued \$7,500,000 fifty-year gold debenture obligations bearing interest at the rate of 4 per cent per annum, payable semiannually on the 1st days of March and September. These debentures were deposited with the trustee of the general consolidated mortgage, the certificates of indebtedness having been so held. The Lehigh Valley Coal Company further paid all arrearages of interest on the certificates of indebtedness up to March 1, 1912. The amount applying prior to the present fiscal year was credited to profit and loss and the balance, \$280,986.67, was included in the income of the present year. In addition, the income account of the Lehigh Valley Railroad Company is being credited with interest on the \$7,500,000 debentures as the same accrues and is paid by the coal company.

The respondent collected simple interest \$2,809,866.67 on the certificates of indebtedness, computed at 4 per cent per annum, during the period 1905 to February 29, 1912.

PURCHASE OF COXE BROTHERS & COMPANY, INCORPORATED.

On November 1, 1905, the Lehigh Valley Railroad Company issued \$19,000,000 of its 4 per cent bonds, principal due in semiannual installments of \$500,000 (\$1,000,000 per year) each year from the said date to February 1, 1926. The proceeds of this bond issue were used to purchase the capital stock of Coxie Brothers & Company, Incorporated (par value \$2,910,150), and the capital stock of the Delaware, Susquehanna & Schuylkill Railroad Company (par value, \$1,500,000). The carrier paid \$17,440,000 for the capital stock of Coxie Brothers & Company, Incorporated, which was \$299.64 for each share having a par value of \$50 or a premium of \$14,529,850 for the stock. The balance sheet of Coxie Brothers & Company, Incorporated, shows its liabilities exceeded its assets by \$30,476 on June 30, 1912. The coal produced from the properties of Coxie Brothers & Company is sold to the Lehigh Valley Coal Company at the breakers.

Morgan Exhibit No. 23 shows that the disbursements of the Lehigh Valley Railroad Company in interest charges on its bond issue exceeded its income from Coxie Brothers & Company by the sum of \$1,102,032.79 from the date of the said purchase to June 30, 1912. In addition to this loss resulting from the payment of interest charges the carrier has retired \$6,909,000 of the principal of the bonds during the said period. It has charged to profit and loss each year \$1,000,000 of the said premium it paid. The \$5,000,000 value of the Coxie Brothers & Company property, charged off to profit and loss, was for the purpose of charging off the said premium, or, stated in other words, to

provide for depreciation resulting from the mining of coal from the property of Cune Brothers & Company, as indicated in the following statement on page 14 of the annual report of carrier to shareholders for the year 1912:

To provide fully for such depreciation as may have resulted from mining from the property of Cune Brothers & Company, Incorporated, the entire capital stock of which is owned by the Lehigh Valley Railroad Company, the book value thereof was reduced by \$1,000,000 which amount was charged to profit and loss. A similar reduction was made in the book value of this property in each of the four preceding years.

The officers and directors of the Lehigh Valley Coal Company and their affiliations with the Lehigh Valley Railroad Company for the years 1912 and 1913, are shown in the following lists:

The Lehigh Valley Coal Company.—Directors, 1912, 1913: F. M. Chase, D. G. Reid (also director of the Lehigh Valley Railroad Company, 1912-13), L. D. Smith (also vice president of the Lehigh Valley Railroad Company, 1912-13), I. A. Stearns, E. T. Statesbury (also director of the Lehigh Valley Railroad Company, 1912-13), F. W. Wheaton.

Officers, 1912, 1913: E. B. Thomas, president (also president Lehigh Valley Railroad Company, 1912-13); F. M. Chase, vice president and general manager; H. J. McQuade, secretary and treasurer; L. A. Tompkins, general auditor.

In April, 1911, the Supreme Court of the United States held:

By operation and effect of the commodities clause [of the Hepburn act], there is a duty cast upon a railroad company proposing to carry in interstate commerce the product of a producing, etc., corporation in which it has a stock interest not to abuse such power so as virtually to do by indirection that which the commodities clause prohibits, a duty which plainly would be violated by the unnecessary commingling of the affairs of the producing company with its own so as to cause them to be one and inseparable. *U. S. v. L. V. R. Co.*, 220 U. S., 257, 274.

Soon thereafter the Lehigh Valley Coal Sales Company was created and was incorporated in New Jersey. A contract was drawn bearing the date March 1, 1912, between the Lehigh Valley Coal Company and the Lehigh Valley Coal Sales Company, whereby the coal sales company accepted at the mines all the coal production of the Lehigh Valley Coal Company, shipped it and disposed of it in the markets.

The following is quoted from page 13 of the annual report of the Lehigh Valley Railroad Company to shareholders for the year 1912:

In January the Lehigh Valley Coal Company, which has, since its incorporation, been engaged in the mining, shipping and selling of anthracite coal, caused to be organized a new company with the name Lehigh Valley Coal Sales Company, for the purpose of purchasing at the mines and shipping and selling all coal which it mined and purchased. The new company was created with an authorized capital stock of \$10,000,000, of which \$8,060,800, or 121,216 shares, with a par value of \$50 each, were immediately issued and the balance reserved for future needs. The privilege was accorded stockholders of the Lehigh Valley Railroad Company of subscribing to stock of the sales company for an amount equivalent to ten per cent of their holdings. The sales company formally commenced business March 1, 1912. Neither the Lehigh Valley Railroad Company nor the Lehigh Valley Coal Company has any ownership in the stock of the sales company or any interest, direct or indirect, in the coal transported.

At about the same time the Lehigh Valley Railroad Company paid to its shareholders an extra dividend in cash, amounting to the exact par value of the stock issued by the coal sales company. This extra dividend was in addition to regular dividends of substantial sums. The regular dividends and extra dividends paid were as follows:

Five per cent on preferred stock, paid July 15, 1911.....	2.22
Five per cent on common stock, paid July 15, 1911.....	3,054.50
Five per cent on preferred stock, paid January 13, 1912.....	3.22
Five per cent on common stock, paid January 13, 1912.....	3,054.50
Special 10 per cent on preferred stock, paid February 26, 1912.....	4.44
Special 10 per cent on common stock, paid February 26, 1912.....	6,089.00
Five per cent on preferred stock, due July 13, 1912.....	2.22
Five per cent on common stock, due July 13, 1912.....	3,054.50
	15,124.00

THE DELAWARE, LACKAWANNA & WESTERN RAILROAD COMPANY.

The Delaware, Lackawanna & Western Railroad Company owns large tracts of anthracite coal producing lands, and operates a large number of collieries on its line.

in the Wyoming region. Previous to August 2, 1909, the carrier conducted the mining operations, transported coal, and sold it in the markets. Since August 2, 1909, the carrier has continued the mining operations, but has sold the output of its collieries at the breakers to the Delaware, Lackawanna & Western Coal Company; the coal company since that time has sold the carrier's anthracite coal production in the markets. Concerning the formation and the functions of the Delaware, Lackawanna & Western Coal Company, the following is quoted from pages 10 and 11 of the carrier's annual report to shareholders for the year 1909:

In rearranging its affairs in conformance with the decision of the United States Supreme Court in what is known as the *Commodities case*, the company declared an extra dividend of 50 per cent, which was payable in cash, the stockholders, however, being given the option to use one-half of this extra dividend in purchasing stock of the Delaware, Lackawanna & Western Coal Company, which was organized and took over the merchandizing of this company's coal on August 1, 1909. At the same time a stock dividend of 15 per cent was declared and paid to the stockholders of the company. As a result, its capital stock was increased to \$30,277,000. * * * In conformance with the decision rendered by the United States Supreme Court that railroad companies can not lawfully transport in interstate commerce coal owned by themselves, the sales division of the coal department of the Delaware, Lackawanna & Western Railroad was discontinued August 1, 1909, and a coal selling company was organized under the laws of the state of New Jersey. Therefore, the annual report of the coal department covers but seven months—for January to July, inclusive—of the sales end of the business. A contract was entered into with the new coal company, whereby the railroad agreed to sell its coal on board cars at the mines on the same basis as generally prevails in the anthracite region, or what is known as the 65 per cent basis of Tidewater prices; and also to sell and turn over all stocks of coal along its lines and on western docks, and to lease its trestles to the coal company.

It appears (Loomis, p. 1216) that the Delaware, Lackawanna & Western Coal Company, a New Jersey corporation, was organized by officials of the carrier in 1909, and that it issued \$6,500,000 of capital stock and sold it at par to shareholders of the carrier, as indicated above. In order to enable its shareholders to purchase the coal company's stock the carrier declared and paid a dividend of 50 per cent in cash (\$13,000,000), which was available to them for that purpose. It therefore appears that the coal company started its business with a paid-in capital of \$6,500,000, which was provided by the carrier.

On August 2, 1909, the carrier entered into two agreements with the coal company whereby the carrier obligated itself to sell its entire output of anthracite coal to the coal company at the prevailing 65 per cent contract prices, and it leased to the coal company its various coal stocking plants, coal storage plants, coal pockets, and retail delivery trestles, amounting to 184 separate pieces of property, owned by the carrier and located at various points on the carrier's line and at Chicago, Ill., Detroit, Mich., and other places. The properties had theretofore been used by the carrier in the conduct of its sales operations. The rental reserved by the carrier for the said properties was \$74,000 per year. Other conditions of the agreement read as follows:

(1) The seller (Delaware, Lackawanna & Western Railroad Company), agrees to sell to the buyer (Delaware, Lackawanna & Western Coal Company), and the buyer agrees to buy of the seller all mined, marketable coal wherever situated now owned by the seller and either stored, held at various points, or in the course of transportation, except such coal as the seller elects to retain for its use in the conduct of its business as a common carrier. The buyer shall pay the seller therefor in cash within 30 days from the date hereof as follows, viz, for all of the coal in transit, at prices to include the full tariff charges of the seller and of all other carriers whose charges have been paid by the seller for the transportation of such coal from the mines, together with the market value thereof at the mines as fixed herein at prices prevailing for the month of July, 1909:

a. Subject to the conditions of this paragraph, and at the prices herein stated, the seller agrees during the term of this contract to sell to the buyer all coal hereafter mined by it from all coal lands owned or leased by it, together with all coal it may purchase. The buyer agrees to purchase all such coal at such prices and to pay the seller therefor in cash on the 20th of each month for all coal delivered to it by the seller in b. cars at the mines during the preceding month. The buyer also agrees on the 15th of each month to c. the seller in cash all tariff charges of its owned, leased, and controlled lines and all moneys advanced by d. other carriers for the transportation of said coal during the preceding month. The amount of coal to e. delivered and sold to the buyer by the seller shall be at the absolute option of the seller as its f. interest may determine, and the seller shall be subject to no liability whatsoever for failure to supply the g. or with such amount of coal as it may desire.

25 I. C. C.

The buyer agrees that except to enable it to comply with the terms of the existing heretofore rected sales agency and other sales contracts of the seller in the event of the failure of the seller to sell its coal it will purchase all coal to be sold by it from the seller and will purchase no coal from any other person or corporation except with the written consent of the seller.

(6) The buyer agrees that it will conduct the business of selling the coal of the seller in such manner as best to conserve the interests of, and preserve the good will and markets of the coal mined by the seller, and to continue to fill the orders of all responsible present customers of the seller even though as to some of such customers the sales may be unprofitable; it being understood and agreed that at the prices above quoted, the entire business of the buyer will be conducted at a profit.

(9) This contract shall become in effect on the beginning of the day of the date hereof. Upon written notice by either party to the other prior to August 1, 1910, of its intention to cancel this contract, it shall expire at midnight on the 28th day of February, 1911. Should no such notice be served, the contract shall continue to be operative until the expiration of six months after either party shall notify the other in writing of its intention to cancel the contract, in which event it shall expire at midnight of the last day of the six months named in the notice of cancellation.

Upon the expiration of this contract, the buyer agrees to sell to the seller, or to whomever the seller shall nominate, and it agrees to buy or cause to be bought, all coal then stored or in transit purchased of the seller by the buyer, at prices to be agreed upon; or in case the parties can not agree, to be fixed by arbitration as herein provided.

It appears that the coal company sells each year coal to the value of approximately \$35,000,000. Its balance sheet shows considerable cash and current assets, such as coal on hand, sums due from customers, etc., but the only property which it owns in addition to the said cash and current assets is property and fixtures valued at \$169,070.83. It is therefore apparent that practically all the facilities required by the coal company for the conduct of its business have been furnished to it by, and are owned by, the carrier; and it appears that under the ninth paragraph of the lease and contract the carrier can, by serving the prescribed six months notice, take away from the coal company all its assets and stock in trade except property and fixtures to the value of \$169,070.83.

STOCKS OF COAL IN STORAGE OWNED BY THE CARRIER.

One of the conditions of the said agreements provided that the carrier should sell the coal company all coal stored by the carrier at various points, as follows:

* * * For all coal stored, of all sizes, at points west and north of Buffalo, N. Y., the sum of \$5.00 per gross ton;

For prepared sizes of coal stored at Buffalo and at other points along the lines of the owned, leased, or controlled lines of the seller, the sum of \$4 per gross ton.

For sizes smaller than prepared sizes so stored at Buffalo and points east, along the lines of the seller not including that stored at or about the mines of the seller, the sum of \$1 per gross ton.

The selling price of coal f. o. b. the mines established by the 65 per cent contract at the time the above sale was made, were for the following sizes of anthracite as per ton of 2,240 pounds:

Lump.....	\$2.60	Grate.....	5.00
Egg.....	3.08	Stove.....	4.75
Pea.....	1.82	Chestnut.....	4.50
Rice.....	.55	Buckwheat.....	4.25
Barley.....	.30		

The freight rate to Buffalo on prepared sizes was \$2 per gross ton; so that by adding the freight rate to the f. o. b. mine price, the value of prepared sizes of anthracite on hand at Buffalo was, per gross ton:

Lump.....	\$4.60	Grate.....	5.00
Egg.....	5.08	Stove.....	4.75
Chestnut.....	5.08		

and such sizes were sold under the above contract for \$4 per gross ton.

The f. o. b. mine price on pea coal was \$1.82 and the freight rate to Buffalo \$1.75, which would make the value of this size of coal at Buffalo \$3.57. It was for \$1 per gross ton, as shown in the contract, or 75 cents per ton less than the freight rate. Further, the contract provided that all sizes smaller than prepared sizes on hand at points on the line east of Buffalo should be sold for \$1 per gross ton. It was less than the freight rates to most all points on such sizes of coal.

Owing to the many matters covered in this investigation it has not been possible to ascertain the amount of the concession that was granted to the coal company by the carrier at the time it sold its large stock of coal to the coal company, but the following letter written by Mr. Hustis, the general auditor of the respondent, to President Truesdale indicates that the carrier's officials were aware of the fact that the coal company was being granted a substantial concession in the price it was required to pay for the coal:

DELAWARE, LACKAWANNA & WESTERN RAILROAD COMPANY
New York, August 27, 1909.

Mr. TRUESDALE: Referring to conversation on the 25th instant:
I hand you herewith a statement showing the number of tons of pea coal and under, in stock at line points July 31, 1909, as per reports rendered to us by the coal department, and have shown the freight rate on same plus the cost of coal on the 65 per cent basis, and have deducted from the total the amount charged them on bill No. 144997, which leaves a balance of \$98,413.36. You only requested this information for M. & E. points, but I have shown the entire system and we can make any subdivision that you desire. As you observed, the contract rate of \$1 does not give us anything for the coal and is not equal to the freight rate.

I also attach another statement showing the same sizes of coal in stock at M. & E. points, amounting to 17,466.17 tons, which was charged for at \$1 and the amount we should have received in excess if this had been considered as coal at Port Morris, and the rate of 25 cents per ton charged when it moved out, would be \$4,336.71.

(Signed) G. E. HUSTIS.

The tonnage of anthracite coal sold to the Delaware, Lackawanna & Western Coal Company in the said sale was 793,622.19 tons, 471,264.01 tons being on hand at western agencies, 166,333.17 tons being on hand at points on the carrier's railway lines, and 156,025.01 tons in transit. Exception is not taken to the price at which the carrier sold the "in-transit coal"; the concession was granted in the sale of the coal on hand, at western agencies, and on the respondent's railway lines. The following figures show the tonnage on hand at western agencies and at line points so sold to the Delaware, Lackawanna & Western Coal Company:

On hand at western agencies.

	Gross tons.
Montreal, Quebec.....	55,743.13
L. Hedstrom, Chicago, Ill.....	56,347.02
Duwankee & Western Fuel Co.....	144,121.03
Northwestern Fuel Co., Chicago.....	12,808.06
Northwestern Fuel Co., Lake Superior.....	149,201.08
C. Schenck, Chicago, Ill.....	48,892.09
C. Schenck, Toledo, Ohio.....	4,150.01
	471,264.01

On hand at points on line.

	Above pea.	Pea and under.
	Gross tons.	Gross tons.
Paterson, N. Y.....	16,841.09	2,381.13
Paterson, N. J.....	582.13	177.04
Paterson, N. J.....	2,424.04	1,667.00
Paterson, N. J.....	856.01	4,987.06
Paterson, N. J.....	708.15	5,785.13
Paterson, N. J.....	2,379.13	4,849.14
Paterson, N. Y.....	2,840.11	1,167.07
Paterson, N. J.....	58,147.00	
Paterson, N. J.....		60,537.14
	84,780.06	81,553.11

The carrier has defended the prices at which this coal was sold by making the claim that the degradation and loss on coal in stock warranted the lower selling price, but the attempt was made to ascertain the extent of this degradation until some time in the year 1913.
I. C. C.

COAL STOCKING PLANTS, STORAGE PLANTS, TRETTLES, ETC.

It also appears that the carrier leased to the coal company 184 separate pieces of property consisting of coal-stocking plants, coal-storage plants, retail delivery trestles, etc., located at various points on its lines and at points west of Buffalo, for an annual rental of \$74,407.84. It has not been possible for the Commission's examiners to inspect or examine all of these properties during this investigation. They are located at various points on the carrier's lines and at Chicago, Ill., Detroit, Mich., and other points west of Buffalo. The carrier has not filed a statement showing the value of each of the 184 pieces of property separately. It has taken refuge in the statement that all of the said properties were rented at a lump sum of \$74,407.84. The testimony of the carrier's vice-president, E. E. Loomis, January 16, 1914, who is also president of the coal company (pp. 1219, 1227) is to the effect that, although the coal company had not paid a fair return in rental to the carrier for the said properties, an appraisal of the properties was being made by outside engineers, and as soon as the results of the appraisal were available the coal company would be required to pay the carrier a reasonable rental for the said properties.

Respondent's counsel (pp. 7334-7340) on October 10, 1914, stated that the carrier had collected from the coal company \$110,611.52 undercharges which accrued for the rental of these properties, and a new lease and agreement was entered into which provided for a material increase in the rental to the carrier.

It appears that five retail trestles owned by the respondent, in Buffalo, under the said lease dated August 1, 1909, were rented to the coal company at an annual rental of \$48. The value of these trestles was and is \$185,700.

TWO SCHEDULES OF RATES TO TIDEWATER.

In the month of November, 1912, there were in effect on the Delaware, Lackawanna & Western Railroad two schedules of freight rates per gross ton on anthracite coal transported to tidewater:

	First basis.	Second basis.
Prepared sizes.....	\$1.58	\$1.25
Pea.....	1.43	1.12
Buckwheat.....	1.28	1.04
Smaller than buckwheat.....	1.13	0.90

The first basis is the well-known and established basis of rates which has been in effect for many years.

The second basis is the basis to which the carrier's anthracite rates were reduced as a result of the Interstate Commerce Commission's finding in *Marian Coal Co. v. Delaware, Lackawanna & Western Railroad Company*, Docket 3592. The second basis rates became effective on November 1, 1912, in supplement No. 1 to Delaware, Lackawanna & Western Railroad tariff, I. C. C. 8088, and in supplement No. 2, effective November 11, 1912, and applied only from Taylor, Pa., and intermediate points which included the following collieries and washeries:

Collieries and washeries.	Operated by—	Owner
Bellevue.....	Delaware, Lackawanna & Western R. R.....	Delaware, Lackawanna & Western R. R.
Bellevue washery.....	do.....	do.....
Dodge.....	do.....	do.....
Taylor.....	do.....	do.....
Marian washery.....	Individual.....	do.....
Holden.....	Delaware, Lackawanna & Western R. R.....	do.....
Pyne.....	do.....	do.....
Sibley.....	Individual.....	do.....
National.....	Delaware, Lackawanna & Western R. R.....	do.....
Schrager.....	Individual.....	do.....

During the months of November and December, 1912, the Delaware, Lackawanna & Western Coal Company shipped only seven carloads of anthracite coal to tidewater at the lower basis of rates, viz:

Date.	Waybill.	Car.	Gross tons.	Size.	From colliery.
Nov. 12.....	X-30839...	D. L. & W. 73069..	39.17	Buckwheat.	Dodge.
Dec. 2.....	E-9271.....	D. L. & W. 19090..	29.08	Chestnut....	National.
Do.....	E-9265.....	D. L. & W. 15688..	24.19	Stove.....	Do.
Dec. 4.....	G-51602.....	D. L. & W. 74836..	39.17	do.....	Taylor.
Dec. 9.....	I-9761.....	D. L. & W. 70465..	37.10	Egg.....	Bellevue.
Do.....	I-9768.....	D. L. & W. 75820..	39.04	do.....	Do.
Do.....	I-9771.....	D. L. & W. 76670..	38.13	do.....	Do.

In the months of November and December, 1912, the Delaware, Lackawanna & Western Coal Company shipped the following tonnage of anthracite coal to tidewater at the higher basis of rates:

	Nov., 1912.	Dec., 1912.
Grate.....	2,406.15	.....
Egg.....	2,111.11	16,670.12
Stove.....	276.18	14,470.16
Chestnut.....	77.02	10,550.09
Pea.....	10,128.16	8,153.03
Buckwheat.....	16,828.18	25,973.15
Total.....	31,830.00	75,818.15

TRANSPORTATION OF MINE SUPPLIES.

Large quantities of carload shipments and less-than-carload shipments are used by the carrier each month to supply the collieries which it operates. For many years the carrier has performed free transportation services in the movement of these supplies over its lines to the collieries (Morgan Exhibit No. 18). It is apparent that such a practice is equally as discriminative against the individual operators, who must pay freight charges on their shipments of supplies, as the free transportation of coal produced from the collieries would be. This practice also burdens the carrier's operating expenses, because no revenue for such transportation services is entered in the carrier's income account. The practice was discontinued during this investigation.

TRANSMISSION OF MESSAGES BY TELEGRAPH.

The Delaware, Lackawanna & Western Railroad Company Exhibit No. 4 shows a number of telegraph messages sent by officials and employees of the Delaware, Lackawanna & Western Coal Company to officials and employees of the Delaware, Lackawanna & Western Coal Company, transmitted by the wires of the carrier, relating to the purchase and sale of anthracite coal and not to transportation matters. No charges were assessed or collected by the carrier for the transmission of the said messages. The practice was discontinued during this investigation.

PROVISION FOR DIVIDENDS AND FOR ADDITIONS AND BETTERMENTS BY RESPONDENTS' INCOME AND ACCRUED SURPLUS.

Statement showing capital stock outstanding as of June 30 of years stated.

Carrier.	1904	1906	1913
C. R. R. Co. of N. J.....	\$27,418,800	\$27,436,800	\$27,426,800
P. & E. Ry. Co.....	20,000,000	20,000,000	42,481,700
D., L. & W. R. R. Co.....	26,200,000	26,200,000	26,315,200
D. & H. Co.....	41,123,600	42,400,000	42,503,000
L. V. R. R. Co.....	40,441,100	40,441,100	60,606,000
P. R. R. Co.....	226,504,560	314,594,650	495,508,622
N. C. Ry. Co.....	11,462,300	19,342,550	19,342,550
Erie R. R. Co.....		176,271,300	176,271,300
N. Y., S. & W. R. R. Co.....	26,000,000	26,000,000	26,000,000
W. B. & E. R. R. Co.....	3,000,000	3,000,000	3,000,000
N. Y., O. & W. Ry. Co.....	58,117,983	58,117,983	58,117,983

The dividends paid by the respondents during the past 20 years are set forth in the following tables:

Central Railroad Company of New Jersey.

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1894.....	7	\$1,574,790.00	1904.....	8	\$2,193,464.00
1895.....	5	1,124,850.00	1905.....	8	2,193,704.00
1896.....	5	1,124,850.00	1906.....	8	2,194,424.00
1897.....	4	899,880.00	1907.....	8	2,194,944.00
1898.....	4	899,880.00	1908.....	8	2,194,944.00
1899.....	4½	1,104,483.50	1909.....	8	2,194,944.00
1900.....	5	1,355,615.00	1910.....	12	3,292,416.00
1901.....	5½	1,570,516.00	1911.....	12	3,292,416.00
1902.....	(1)		1912.....	12	3,292,416.00
1903.....	12	3,289,816.00	1913 ¹	12	3,292,416.00

¹ Figures for 1903 cover period of 18 months, Dec. 31, 1901, to June 30, 1903.

² This stock was quoted on the New York market during the year 1913 at from \$275 to \$362 per share, based on a par value of \$100 per share.

Philadelphia & Reading Railway Company.

[Commenced operations Dec. 1, 1896.]

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1897.....	(1)		1906.....	30	\$6,000,000.00
1898.....	(1)		1907.....	30	6,000,000.00
1899.....	(1)		1908.....	30	6,000,000.00
1900.....	(1)		1909.....	25	6,000,000.00
1901.....	(1)		1910.....	25	6,000,000.00
1902.....	(1)		1911.....	25	6,000,000.00
1903.....	(1)		1912.....	15	6,372,255.00
1904.....	12	\$2,400,000.00	1913.....	15	6,372,255.00
1905.....	20	4,000,000.00			

¹ None declared.

Delaware, Lackawanna & Western Railroad Company.

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1894.....	7	\$1,834,000.00	1904.....	7	\$1,834,000.00
1895.....	7	1,834,000.00	1905.....	17½	4,650,500.00
1896.....	7	1,834,000.00	1906.....	20	5,240,000.00
1897.....	7	1,834,000.00	1907.....	20	5,240,000.00
1898.....	7	1,834,000.00	1908.....	20	5,240,000.00
1899.....	7	1,834,000.00	1909.....	20	5,240,000.00
1900.....	7	1,834,000.00	1910.....	85	123,058,786.00
1901.....	7	1,834,000.00	1911.....	20	6,023,800.00
1902.....	7	1,834,000.00	1912.....	55	16,579,200.00
1903.....	7	1,834,000.00	1913 ¹	20	6,023,800.00

¹ Included in this amount is a 15 per cent stock dividend.

² This stock was quoted on the New York market during the year 1913 at from \$380 to \$445 per share, based on a par value of \$100 per share.

Delaware & Hudson Company.

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1894.....	7	\$2,100,000.00	1904.....	7	\$2,524,585.00
1895.....	7	2,362,500.00	1905.....	7	2,871,285.00
1896.....	7	2,450,000.00	1906.....	7	2,866,063.75
1897.....	7-8	2,100,000.00	1907.....	7-9	3,341,457.50
1898.....	5	1,750,000.00	1908.....	9	3,815,968.75
1899.....	5	1,750,000.00	1909.....	9	3,816,000.00
1900.....	5	1,745,000.00	1910.....	9	3,825,000.00
1901.....	5-7	2,083,037.00	1911.....	9	3,825,225.00
1902.....	7	2,420,566.75	1912.....	9	3,825,234.00
1903.....	7	2,411,997.00	1913 ¹	9	3,825,234.00

¹ This stock was quoted on the New York market during the year 1913 at from \$147½ to \$167 per share based on a par value of \$100 per share.

Lehigh Valley Railroad Company.

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1894.....	(1)	.....	1907 ² common.....	5	\$2,016,740.00
1895.....	(1)	.....	1907 ² preferred.....	10	10,630.00
1896.....	(1)	.....	1908 ³ common.....	6	2,420,068.00
1897.....	(1)	.....	1908 ³ preferred.....	10	10,630.00
1898.....	(1)	.....	1909 ³ common.....	6	2,420,068.00
1899.....	(1)	.....	1909 ³ preferred.....	10	10,630.00
1900.....	(1)	.....	1910 ³ common.....	6	2,420,068.00
1901.....	(1)	.....	1910 ³ preferred.....	10	10,630.00
1902.....	(1)	.....	1911 ³ common.....	8	4,235,126.00
1903.....	(1)	.....	1911 ³ preferred.....	10	10,630.00
1904.....	(1)	.....	1912 ⁴ common.....	25	\$15,125,425.00
1905 ⁴ common.....	3	\$1,210,044.00	1912 ⁴ preferred.....	25	\$26,575.00
1905 ⁴ preferred.....	15	15,945.00	1913 ⁴ common.....	10	6,050,170.00
1906 ⁴ common.....	4	1,613,392.00	1913 ⁴ preferred.....	10	10,630.00
1906 ⁴ preferred.....	10	10,630.00			

¹ Common, none; preferred, none.

² Cumulative, \$116,674.

³ Five per cent of this dividend has fallen in the accounts for year ended June 30, 1912, by reason of a change in accounting methods.

⁴ This stock was quoted on the New York market during the year 1913 at from \$141½ to \$168½ per share, based on a par value of \$100 per share.

Pennsylvania Railroad Company.

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1894.....	5	\$6,464,647.50	1904.....	6	\$17,933,084.00
1895.....	5	6,465,011.25	1905.....	6	18,113,977.50
1896.....	5	6,465,122.50	1906.....	6 ¹	19,989,988.50
1897.....	5	6,465,170.00	1907.....	7	21,908,455.50
1898.....	5	6,465,236.25	1908.....	6	18,875,988.00
1899.....	5	6,465,266.25	1909.....	6	19,173,743.50
1900.....	6	8,781,170.75	1910.....	6	24,410,688.75
1901.....	6	10,857,672.00	1911.....	6	25,950,557.25
1902.....	6	12,262,491.00	1912.....	6	27,232,578.25
1903.....	6	14,792,931.00	1913 ¹	6	27,186,918.50

¹ This stock was quoted on the New York market during the year 1913 at from \$106 to \$123¹/₂ per share, based on a par value of \$100 per share.

Northern Central Railway Company.

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1894.....	7	\$526,267.00	1904.....	8	\$1,146,324.00
1895.....	7	526,267.00	1905.....	8	1,373,488.00
1896.....	7	526,267.00	1906 ¹	8	1,373,498.00
1897.....	7	526,267.00	1907.....	8	1,547,214.00
1898.....	7	526,267.00	1908.....	8	1,547,438.00
1899.....	7	526,267.00	1909.....	8	1,547,438.00
1900.....	7	684,033.00	1910.....	8	1,547,438.00
1901.....	8	916,980.00	1911.....	8	1,547,438.00
1902.....	8	916,980.00	1912.....	8	1,547,438.00
1903.....	8	916,980.00	1913.....	8	1,547,438.00

¹ Stock dividend of 12¹/₂ per cent declared Dec. 11, 1906, payable to stockholders of record Dec. 31, 1906 \$2,149,168.75.

Erie Railroad Company.¹

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1901 first preferred.....	1 ¹ / ₂	.....	1906 (first preferred.....	4	\$1,915,696.00
1902 first preferred.....	3	.....	second preferred.....	2	640,000.00
1903 first preferred.....	3 ¹ / ₂	\$1,678,234.00	1907 (first preferred.....	4	1,915,696.00
1904 first preferred.....	4	1,915,696.00	second preferred.....	2	640,000.00
1905 (first preferred.....	4	1,915,696.00			
second preferred.....	2	640,000.00			

¹ The New York, Susquehanna & Western Railroad Company, and the Wilkes-Barre & Eastern Railroad Company did not pay any dividends during the 20-year period. Erie stock was quoted on the New York market during the year 1913 at from \$20¹/₂ to \$32¹/₂ per share, based on a par value of \$100 per share.

New York, Ontario & Western Railway Company.

Year.	Rate.	Amount.	Year.	Rate.	Amount.
	<i>Per cent.</i>			<i>Per cent.</i>	
1894.....	(1)	.....	1907 common.....	2	\$1,162,086.00
1895.....	(1)	.....	preferred.....	6	.....
1896.....	(1)	.....	1908 common.....	2	1,162,086.00
1897.....	(1)	.....	preferred.....	6	.....
1898.....	(1)	.....	1909 common.....	2	1,162,086.00
1899.....	(1)	.....	preferred.....	6	.....
1900.....	(1)	.....	1910 common.....	2	1,162,086.00
1901.....	(1)	.....	preferred.....	6	.....
1902.....	(1)	.....	1911 common.....	2	1,162,086.00
1903.....	(1)	.....	preferred.....	6	.....
1904.....	(1)	.....	1912 common.....	None.	.....
common.....	3	\$1,743,090.00	preferred.....	6	.....
1905 common.....	1 ¹ / ₂	871,555.50	1913 ¹ common.....	2	1,162,086.00
preferred.....	90	3,150.00	preferred.....	6	.....
1906 common.....	2	1,162,086.00			
preferred.....	6	210.00			

¹ Common, none; preferred, none.

² This stock was quoted on the New York market during the year 1913 at from \$26¹/₂ to \$33¹/₂ per share, based on a par value of \$100 per share.

Road.	Year ended June 30—	Additions and betterments, new lines, etc.	Net surplus at end of year.	
			Amount.	Amount per mile of line.
C. R. R. Co. of N. J.	1904	\$665,146	\$8,739,227	\$12,566
	1905	1,072,702	9,211,227	13,987
	1906	1,954,444	9,515,332	14,382
	1907	2,362,062	9,579,374	14,479
	1908	2,000,000	10,583,306	15,841
	1909	2,000,000	10,939,487	16,380
	1910	4,000,000	12,596,346	18,817
	1911	3,000,000	13,519,334	20,121
	1912	2,000,000	13,969,378	20,887
	1913	4,040,466	14,137,357	20,911
P. & R. Ry. Co.	1904	1,173,765	7,028,368	6,929
	1905	979,643	10,387,530	10,321
	1906	3,539,352	9,772,002	9,842
	1907	1,847,334	9,816,427	9,796
	1908	937,660	10,162,066	10,096
	1909	1,805,722	9,721,812	9,494
	1910	2,070,661	11,372,906	11,127
	1911	3,353,559	9,655,987	9,518
	1912	2,629,740	8,765,980	8,635
	1913	2,391,562	11,560,086	11,329
D., L. & W. R. R. Co.	1904	3,629,166	22,583,928	28,296
	1905	3,446,719	25,457,140	31,188
	1906	5,087,486	24,777,404	30,350
	1907	4,651,819	28,274,901	34,594
	1908	3,540,120	31,922,627	35,740
	1909	1,676,375	39,819,591	44,594
	1910	2,471,020	32,072,270	34,483
	1911	2,554,375	35,362,685	38,021
	1912	1,763,875	26,484,396	28,027
	1913	1,961,984	32,088,524	33,480
D. & H. Co.	1911	.....	10,157,589	12,068
	1912	.....	11,394,277	13,366
	1913	.....	15,469,920	18,123
L. V. R. R. Co.	1904	1,465,290	5,914,797	4,247
	1905	1,411,551	8,657,325	6,211
	1906	2,570,227	11,380,915	7,993
	1907	3,318,590	14,009,283	9,707
	1908	1,775,264	16,516,905	11,410
	1909	582,643	19,212,252	13,290
	1910	843,877	27,219,780	18,899
	1911	980,549	30,330,647	21,176
	1912	340,944	23,444,703	16,273
	1913	.....	25,066,231	17,275
P. R. R. Co.	1904	.....	22,000,020	5,797
	1905	.....	21,506,245	5,532
	1906	.....	24,477,406	6,233
	1907	.....	24,725,484	6,219
	1908	.....	24,725,484	6,145
	1909	.....	25,690,906	6,896
	1910	15,743,789	29,879,203	7,526
	1911	10,334,523	27,210,027	6,840
	1912	7,269,215	26,263,477	6,582
	1913	9,439,669	28,627,737	7,101
C. Ry. Co.	1904	908,494	3,628,323	7,636
	1905	2,430,013	3,624,820	7,628
	1906	827,721	3,957,377	8,565
	1907	1,100,583	2,225,543	4,816
	1908	500,000	2,620,721	6,306
	1909	600,000	2,671,594	6,372
	1910	1,022,478	9,772,152	20,756
	1911	173,022	9,721,208	20,596
	1912	293,474	9,318,727	19,690
	1913	250,690	9,358,392	19,820
10 H. R. Co.	1904	1,508,865	11,043,352	5,865
	1905	1,302,588	11,490,591	6,106
	1906	1,795,633	11,979,462	6,267
	1907	1,645,407	13,633,577	7,178
	1908	567,339	13,979,909	7,352
	1909	367,732	16,061,170	8,182
	1910	717,489	20,589,593	10,500
	1911	1,351,812	24,099,533	12,078
	1912	445,420	25,850,482	13,008
	1913	578,281	31,689,196	16,040
15 H. C. Co.				

Road.	Year ended June 30—	Additions and betterments, new lines, etc.	Net surplus at end of year.	
			Amount.	Amount per mile of line.
N. Y., S. & W. R. R. Co.	1904	826,482	\$1,263,502	\$8.31
	1905	115,202	1,240,815	8.17
	1906	114,380	1,101,704	7.55
	1907	209,659	895,284	5.96
	1908	62,700	714,860	4.70
	1909	13,320	809,324	5.34
	1910	1,809	1,108,497	7.32
	1911	163,904	1,471,649	9.62
	1912	88,118	1,509,496	9.75
	1913	87,783	1,129,518	7.31
N. Y., O. & W. Ry. Co.	1904	1,048,397	6,099,388	11.12
	1905	.....	4,836,145	8.89
	1906	.....	4,907,961	8.96
	1907	.....	5,136,336	9.40
	1908	.....	5,451,155	9.99
	1909	.....	5,706,795	10.44
	1910	.....	5,893,139	10.76
	1911	.....	5,646,142	9.93
	1912	.....	5,929,589	10.46
	1913	.....	4,899,977	8.68

VOLUME OF ANTHRACITE COAL TONNAGE.

One of the elements which results in low transportation costs for hauling anthracite coal is the large volume of the tonnage and the substantial regularity of movement. In the case *In re Advances on Coal to Lake Ports*, 22 I. C. C., 620, the Commission held:

Much of the profitable freight carried by the railroads of the United States, and perhaps this might be made broader and it could be truthfully said that most of the freight which pays the carriers the best is that which yields the lowest rate per ton-mile. This arises out of many facts which the traffic manager takes into consideration, the volume of the traffic, the heavy load per car, and the regularity of movement.

A rate should decrease as the density of traffic increases. *In re Advances in Rates—Eastern case*, 20 I. C. C. 243, 275.

Since the present basis of flat rates on anthracite coal was established in 1901 the tonnage of anthracite coal hauled by the respondents has increased to a very large extent. In former years the earnings of several of the respondents were greatly dependent on the revenue they derived from the transportation of anthracite coal, but in recent years they have developed a large tonnage of other traffic, which assists in bearing the burdens of operating expenses, maintenance, and fixed charges. The tonnage of anthracite coal and other freight transported by the respondents and the revenue derived therefrom since the years 1880 and 1890 is shown in the following

Statement of anthracite tonnage and revenue for the years 1880, 1890, 1900, 1910, and 1913.

Year.	Anthracite coal.		Other freight.	
	Tons.	Revenue.	Tons.	Revenue.
C. R. R. Co. of N. J.:				
1890.....	7,463,529	\$6,725,696	6,401,901	\$3,957,711
1900.....	6,282,628	5,969,623	10,004,198	5,381,849
1910.....	9,285,913	9,069,546	20,265,477	10,354,444
1913.....	10,783,014	10,061,112	23,425,308	11,622,211
P. & R. Ry. Co.:				
1890.....	11,963,263	9,552,961	19,276,502	11,381,411
1910.....	12,241,165	11,628,868	38,090,594	21,624,444
1913.....	14,403,303	13,359,972	44,598,706	27,671,411
D., L. & W. R. R. Co.:				
1890.....	7,241,671	9,009,085	4,470,907	6,524,411
1900.....	7,574,082	9,635,419	6,396,845	6,664,411
1910.....	10,298,870	14,544,751	11,304,979	12,304,411
1913.....	10,403,282	14,737,580	14,429,926	14,829,411

Statement of anthracite tonnage and revenue for the years 1880, 1890, 1900, 1910, and 1913—
Continued.

Year.	Anthracite coal.		Other freight.	
	Tons.	Revenue.	Tons.	Revenue.
D. & H. Co.:				
1900.....	5,874,905	\$4,140,645	5,780,242	\$3,780,403
1910.....	7,431,064	7,043,310	10,532,447	8,904,793
1913.....	9,180,915	9,842,087	11,282,335	10,262,260
L. V. R. R. Co.:				
1900.....	9,478,753	9,395,731	9,875,426	9,500,747
1910.....	11,513,475	14,237,029	15,668,062	16,342,568
1913.....	14,732,949	18,556,161	17,634,847	18,168,977
P. R. R. Co.:				
1880.....	3,871,880	.....	22,179,211	.....
1890.....	7,245,512	.....	42,602,841	.....
1900.....	10,002,875	.....	69,970,792	.....
1910.....	10,668,862	8,228,634	110,484,019	110,171,748
1913.....	11,019,787	8,551,317	131,545,444	124,501,266
N. C. Ry. Co.:				
1880.....	3,221,945	.....	8,677,302	.....
1900.....	5,230,222	.....	12,689,759	.....
1910.....	5,816,693	2,125,080	16,030,062	7,769,232
1913.....	6,183,035	2,346,429	17,614,890	7,618,890
Erie R. R. Co.:				
1900.....	6,687,301	.....	30,230,591	.....
1910.....	8,703,639	10,151,745	28,526,628	24,339,685
1913.....	10,135,940	12,845,977	39,591,046	27,271,624
W. B. & E. R. Co.:				
1910.....	1,532,571	591,955	224,520	62,653
1913.....	1,306,062	563,746	308,138	62,508
N. Y. & W. R. R. Co.:				
1910.....	2,849,189	803,886	1,769,125	854,483
1913.....	3,488,719	976,931	1,809,649	1,031,718
N. Y. O. & W. Ry. Co.:				
1890.....	329,279	163,510	626,279	1,125,213
1900.....	2,157,553	2,223,464	1,259,053	1,746,650
1910.....	3,443,180	3,303,739	2,237,651	2,745,896
1913.....	4,501,295	4,651,871	1,908,522	2,659,256

Statement showing the average daily production, carloads, of collieries served by the Delaware, Lackawanna & Western Railroad, month of November, 1912.

Colliery.	Anthracite coal mined and shipped during month.	Average number of carloads shipped each day.
Woodward.....	Gross tons. 88,258.04	96.2
Truesdale.....	87,830.16	95.8
Storrs.....	68,868.07	75.1
Bellevue.....	47,021.09	51.2
Archbald.....	43,480.19	47.4
Diamond.....	42,708.07	46.5
Pyne.....	40,506.14	44.1
Sloan.....	39,313.17	42.8
Bliss.....	37,227.10	40.5
Hyde Park.....	33,958.10	37.0
Taylor.....	33,098.00	36.0
Kingston No. 2.....	27,699.04	30.2
National.....	25,334.02	27.6
Dodge.....	25,097.00	27.3
Mount Lookout.....	24,575.09	26.8
Continental.....	22,030.17	24.0
Brisbin.....	21,376.13	23.3
Holden.....	21,056.05	22.9
Auchincloss.....	19,766.00	21.5
Cayuga.....	15,970.11	17.4
Hampton (washery).....	14,972.14	16.3
Mount Jessup.....	13,860.03	15.1
Archbald (washery).....	12,964.18	14.1
Hallstead.....	11,115.18	12.1
Hyde Park (washery).....	11,532.16	12.5
Avondale.....	11,049.17	12.0
Sibley.....	10,890.01	11.8

Statement showing the average daily production, carloads, of collieries served by the Delaware, Lackawanna & Western Railroad, month of November, 1912—Continued.

Colliery.	Anthracite coal mined and shipped during month.	Average number of carloads shipped each day.
	<i>Gross tons.</i>	
Dodson.....	10,651.00	11.6
Pettebone.....	8,868.11	9.6
Black Diamond.....	8,562.15	9.3
North American (washery).....	8,064.17	8.8
Storrs (washery).....	7,474.04	8.1
Stackhouse (washery).....	6,853.16	7.4
Schrager (washery).....	5,377.14	5.8
East Boston.....	5,180.03	5.6
Chauncey.....	5,178.12	5.6
Cayuga (washery).....	4,720.10	5.1
People's Coal Co.....	3,980.10	4.3
Loomis.....	3,103.11	3.3
Pancoast.....	2,892.14	3.1
Lackawanna.....	1,956.06	2.1
Mount Pleasant.....	1,256.12	1.3
Carney & Brown.....	1,078.02	1.1

Statement showing the average daily production, carloads, of collieries served by the Erie Railroad, month of November, 1912.

Colliery.	Anthracite coal mined and shipped daily during month.	Average number of carloads shipped each day.
	<i>Gross tons.</i>	
Old Forge.....	3,000	74.35
No. 14.....	3,000	74.35
No. 9.....	3,000	74.35
Ewan.....	2,500	61.96
Butler.....	2,300	54.52
No. 1.....	2,300	54.52
Starrick Creek.....	2,000	49.57
Forest City.....	2,000	49.57
No. 6.....	2,000	49.57
Central.....	1,500	37.17
Lackawanna.....	1,200	29.74
Barnum.....	1,200	29.74
No. 5.....	1,200	29.74
Dolph.....	1,100	27.26
North West.....	650	16.11
Wayne (washery).....	500	12.39
Green Ridge.....	450	11.15
Nay Aug.....	400	9.91
Spencer.....	300	7.43
Sunnyside.....	300	7.43
Bradley.....	200	4.96
Stillwater.....	50	1.24
Swingle (washery).....	50	1.24

Statement showing the average daily production, carloads, of collieries served by the Central Railroad of New Jersey, month of November, 1912.

Colliery.	Anthracite coal mined and shipped during month.	Average number of carloads shipped each day.
	<i>Gross tons.</i>	
Nesquehoning.....	72,079.02	73.4
Honey Brook.....	63,049.01	64.2
Nottingham.....	59,086.19	60.2
Stanton.....	54,495.04	55.5
Maxwell.....	49,830.13	50.8
Wanamie.....	41,043.00	41.8
Lance.....	34,606.15	35.2
Sugar Notch.....	30,457.11	31.0
Buttonwood.....	27,146.01	27.6
Hollenback.....	25,959.16	26.4
South Wilkes-Barre.....	25,911.04	26.4
Alden.....	23,349.12	23.8
Plymouth.....	19,788.13	20.1
Beaver Brook.....	17,847.01	18.1
Upper Lehigh.....	17,176.15	17.5
Lee or Melville.....	17,022.09	17.3
Red Ash.....	16,076.19	16.3
Mary D.....	12,853.17	13.1
Empire (washery).....	10,839.03	11.0
Sandy Run.....	9,420.09	9.6
Lee or Melville.....	8,343.18	8.5
Coleraine.....	3,453.13	3.5
Red Ash.....	1,275.04	1.3
Ridgewood.....	1,020.11	1.0
Hadleigh.....	88.06	.0

The average loading per carload of anthracite coal (in tons of 2,240 pounds) destined to tidewater and to Buffalo in November, 1912, was 36.67 tons for the Delaware, Lackawanna & Western Railroad Company, 40.35 tons for the Erie Railroad Company, and 19.23 tons for the Central Railroad Company of New Jersey. These averages have been used as a basis for the foregoing carload computations.

To further set forth the facts showing the volume of the anthracite coal tonnage of the respondents in comparison with the volume of their other classes of freight traffic and the proportion of both anthracite coal and other commodities received by the respondents from connecting carriers, the following figures, taken from respondents' annual reports for the year ended June 30, 1913 (excluding company's material), are of interest:

	Freight originating on line of respondent.	Freight received by respondent originating on other lines.	Total freight tonnage.	
			Tons.	Per cent.
R. R. Co. of N. J.:	<i>Tons.</i>	<i>Tons.</i>		
Products of agriculture.....	195,615	329,708	525,318	1.53
Products of animals.....	103,062	152,162	255,214	.75
Products of mines—				
Anthracite coal.....	9,806,599	978,415	10,785,014	31.52
Bituminous coal.....	7,966	6,112,599	6,120,565	17.89
Coke.....	28,893	394,599	423,492	1.24
Ores.....	226,718	766,534	993,252	2.91
Other products of mines.....	1,182,080	598,065	1,780,145	5.12
Products of forests.....	126,616	381,372	507,988	1.51
Manufactures.....	2,552,811	2,448,126	5,000,937	14.62
Other commodities.....	2,010,248	5,826,179	7,836,427	22.91
Total tonnage.....	16,223,568	17,984,754	34,208,322	100.00

	Freight originating on line of re- spondent.	Freight received by re- spondent originating on other lines.	Total freight tonnage.	
			Tons.	Per cent.
P. & R. Ry. Co.:	Tons.	Tons.		
Products of agriculture.....	324,847	1,671,967	1,996,814	2.9
Products of animals.....	289,611	636,191	925,802	1.4
Products of mines—				
Anthracite coal.....	12,651,776	208,316	12,860,092	22.1
Bituminous coal.....		16,115,418	16,115,418	28.2
Coke.....	17,250	1,498,036	1,515,286	2.7
Ores.....	60,261	2,158,267	2,218,528	4.0
Other products of mines.....	1,396,818	1,406,636	2,803,454	5.0
Products of forests.....	294,820	1,706,089	2,000,909	3.6
Manufactures.....	4,806,966	4,736,589	9,543,555	17.1
Other commodities.....	2,085,594	5,649,297	7,734,891	14.2
Total tonnage.....	21,925,143	33,600,806	55,525,949	100.00
D., L. & W. R. R. Co.:				
Products of agriculture.....	1,073,849	1,335,418	2,409,267	4.3
Products of animals.....	96,853	291,144	387,997	0.7
Products of mines—				
Anthracite coal.....	10,333,944	69,318	10,403,262	18.9
Bituminous coal.....		2,156,225	2,156,225	3.9
Coke.....		319,258	319,258	0.6
Ores.....	106,310	22,867	129,177	0.2
Other products of mines.....	1,308,975	741,782	2,050,757	3.7
Products of forests.....	225,962	491,247	717,209	1.3
Manufactures.....	2,016,477	1,934,725	3,951,202	7.1
Other commodities.....	1,470,893	837,981	2,308,874	4.2
Total tonnage.....	16,633,253	8,199,935	24,833,188	44.7
D. & H. Co.:				
Products of agriculture.....	158,870	838,471	997,041	1.8
Products of animals.....	63,664	173,689	237,353	0.4
Products of mines—				
Anthracite coal.....	9,098,936	61,979	9,160,915	16.5
Bituminous coal.....		2,243,865	2,243,865	4.1
Coke.....		158,963	158,963	0.3
Ores.....	97,918	706,434	804,347	1.5
Other products of mines.....	614,567	128,597	743,164	1.3
Products of forests.....	246,006	821,786	1,067,792	1.9
Manufactures.....	1,324,552	1,385,105	2,709,657	4.9
Other commodities.....	495,836	1,829,008	2,324,844	4.2
Total tonnage.....	12,100,644	8,342,706	20,443,350	37.0
L. V. R. R. Co.:				
Products of agriculture.....	549,905	2,619,127	3,169,032	5.7
Products of animals.....	254,824	469,268	724,092	1.3
Products of mines—				
Anthracite coal.....	14,679,793	53,156	14,732,949	26.7
Bituminous coal.....	601,252	2,128,969	2,730,221	5.0
Coke.....	9,067	423,170	432,237	0.8
Ores.....	14,107	711,377	725,484	1.3
Other products of mines.....	1,239,397	809,965	2,049,362	3.7
Products of forests.....	297,075	648,301	945,376	1.7
Manufactures.....	2,144,151	2,233,379	4,377,530	8.0
Other commodities.....	1,352,279	1,229,234	2,581,513	4.7
Total tonnage.....	21,141,850	11,225,946	32,367,796	59.1
P. R. R. Co.:				
Products of agriculture.....	1,657,341	4,725,756	6,383,097	11.5
Products of animals.....	341,120	1,040,038	1,381,158	2.5
Products of mines—				
Anthracite coal.....	2,979,568	8,040,229	11,019,797	20.0
Bituminous coal.....	43,777,541	3,945,217	47,722,758	87.1
Coke.....	13,277,117	3,336,839	16,613,956	30.3
Ores.....	2,028,147	2,585,244	4,613,391	8.5
Other products of mines.....	9,225,151	2,315,745	11,540,896	21.1
Products of forests.....	1,819,993	3,703,960	5,523,953	10.1
Manufactures.....	13,964,008	9,149,968	23,113,976	42.3
Other commodities.....	8,958,001	5,794,228	14,752,229	27.1
Total tonnage.....	98,027,977	44,637,264	142,665,241	100.00

	Freight originating on line of re- spondent.	Freight received by re- spondent originating on other lines.	Total freight tonnage.	
			Tons.	Per cent.
N. C. Ry. Co.:	Tons.	Tons.		
Products of agriculture.....	241,970	2,065,269	2,297,239	9.66
Products of animals.....	28,895	247,896	271,791	1.14
Products of mines—				
Anthracite coal.....	3,418,200	2,764,835	6,183,035	25.98
Bituminous coal.....	8,713	5,068,433	5,077,146	21.33
Coke.....		566,250	566,250	2.38
Ores.....	270,104	645,562	915,666	3.85
Other products of mines.....	270,120	633,005	903,125	3.79
Products of forests.....	135,681	1,128,292	1,263,973	5.31
Manufactures.....	500,647	3,103,482	3,604,129	15.15
Other commodities.....	832,498	1,883,073	2,715,571	11.41
Total tonnage.....	5,701,828	18,096,097	23,797,925	100.00
Erie R. R. Co.:				
Products of agriculture.....	787,530	2,248,159	3,035,689	7.57
Products of animals.....	202,662	397,924	600,586	1.50
Products of mines—				
Anthracite coal.....	8,329,500	1,806,440	10,135,940	25.32
Bituminous coal.....	461,270	6,822,870	7,284,140	18.20
Coke.....		1,207,134	1,207,134	3.02
Ores.....	1,603,500	1,738,711	3,342,211	8.10
Other products of mines.....	1,124,171	1,131,804	2,255,975	5.64
Products of forests.....	538,807	1,009,604	1,548,411	3.87
Manufactures.....	3,441,892	3,014,841	6,456,733	16.13
Other commodities.....	2,525,331	1,735,036	4,260,367	10.65
Total tonnage.....	18,914,463	21,112,523	40,026,986	100.00
W.-B. & E. R. R. Co.:				
Products of agriculture.....	3,155	23,992	27,147	1.68
Products of animals.....	76	266	342	.08
Products of mines—				
Anthracite coal.....	565,840	740,822	1,306,662	80.92
Bituminous coal.....		1,169	1,169	.07
Coke.....		275	275	.02
Ores.....	654	3,629	4,283	.26
Other products of mines.....	18,349	17,591	35,940	2.24
Products of forests.....	4,194	36,057	40,251	2.50
Manufactures.....	178,175	20,256	198,431	12.28
Other commodities.....				
Total tonnage.....	770,443	844,357	1,614,800	100.00
N. Y., S. & W. R. R. Co.:				
Products of agriculture.....	37,443	255,077	293,520	5.44
Products of animals.....	3,096	3,329	6,425	.11
Products of mines—				
Anthracite coal.....		3,488,719	3,488,719	64.75
Bituminous coal.....		194,956	194,956	3.62
Coke.....		3,399	3,399	.06
Ores.....	2,300	90,881	93,181	1.73
Other products of mines.....	47,229	31,081	78,310	1.46
Products of forests.....	31,425	74,620	106,045	1.97
Manufactures.....	186,047	309,309	495,356	9.21
Other commodities.....	327,864	299,693	627,557	11.65
Total tonnage.....	636,304	4,782,064	5,388,368	100.00
Y., O. & W. Ry. Co.:				
Products of agriculture.....	67,123	269,489	336,612	5.25
Products of animals.....	160,578	23,905	184,473	2.88
Products of mines—				
Anthracite coal.....	2,964,115	1,587,180	4,551,295	70.22
Bituminous coal.....	33	308,058	308,091	4.73
Coke.....	2	133	135	.....
Ores.....	34,349	8,676	43,025	.67
Other products of mines.....	132,783	54,363	187,146	2.93
Products of forests.....	172,248	88,669	260,917	4.07
Manufactures.....	294,767	218,422	513,189	8.01
Other commodities.....	64,729	15,280	79,969	1.24
Total tonnage.....	3,890,792	2,519,025	6,409,817	100.00

Average tractive power of locomotives, and average capacities of coal cars.

Year.	Average tractive power, loco- motives.	Average capacity, coal cars.	Year.	Average tractive power, loco- motives.	Average capacity, coal cars.
C. R. R. Co. of N. J.:	<i>Pounds.</i>	<i>Pounds.</i>	P. R. R. Co.—Contd.	<i>Pounds.</i>	<i>Pounds.</i>
1895.....	18,223	()	1895.....	33,466	7,885
1900.....	21,478	()	1910.....	36,472	9,480
1901.....	22,015	()	1912.....	37,748	9,480
1905.....	25,939	66,783	N. C. Ry. Co.:		
1910.....	27,700	82,980	1895.....	21,012	6,570
1912.....	28,856	85,086	1900.....	22,479	6,570
P. & E. Ry. Co.:			1901.....	23,902	6,570
1900.....	19,062	54,132	1905.....	25,636	6,570
1901.....	19,704	55,669	1910.....	32,763	6,570
1905.....	29,896	58,866	1912.....	34,868	6,570
1910.....	32,064	66,790	Erie R. R. Co.:		
1912.....	33,087	71,195	1900.....	27,100	5,800
D., L. & W. R. R. Co.:			1901.....	27,225	5,800
1900.....	20,624	50,398	1905.....	32,375	6,100
1901.....	22,609	53,150	1910.....	37,074	6,100
1905.....	26,400	65,021	1912.....	37,698	6,100
1910.....	28,912	71,786	W.-B. & E. R. R. Co.:		
1912.....	30,921	73,765	1900.....	26,993	6,100
D. & H. Co.:			1901.....	26,922	5,800
1895.....	16,291	41,050	1905.....	26,922	5,800
1900.....	19,210	55,166	1910.....	26,080	5,800
1901.....	19,534	63,009	1912.....	26,080	5,800
1905.....	30,181	67,294	N. Y., S. & W. R. R. Co.:		
1910.....	36,294	79,582	1900.....	24,580	6,100
1912.....	39,053	80,563	1901.....	24,580	6,100
L. V. R. R. Co.:			1905.....	24,586	6,100
1895.....	20,972	26,341	1910.....	24,466	6,100
1900.....	24,696	60,296	1912.....	24,532	6,100
1901.....	25,638	60,312	N. Y., O. & W. Ry. Co.:		
1905.....	29,947	60,959	1895.....	21,883	5,800
1910.....	31,607	80,445	1900.....	22,544	5,800
1912.....	31,988	80,567	1901.....	24,366	6,100
P. R. R. Co.:			1905.....	26,742	6,100
1895.....	20,269	53,587	1910.....	27,777	6,100
1900.....	24,089	60,252	1912.....	30,445	7,885
1901.....	25,879	64,423			

No record.

Train tonnage.

	Year ended June 30—	Average tons per train-mile.	Average cars per train-mile.	Average tons per loaded car-mile
C. R. R. Co. of N. J.	1903	465.27	32.71	2.1
	1913	547.20	32.55	2.1
P. & E. Ry. Co.	1903	336.96		
	1913	535.38	32.57	2.1
D., L. & W. R. R. Co.	1903	405.90	31.89	2.1
	1913	641.22	40.45	2.1
D. & H. Co.	1903	366.90	25.76	2.1
	1913	530.89	31.38	2.1
L. V. R. R. Co.	1903	485.52	37.54	2.1
	1913	592.22	36.19	2.1
P. R. R. Co.	1903	552.59	36.62	2.1
	1913	700.80	39.77	2.1
N. C. Ry. Co.	1903	397.03	32.04	2.1
	1913	546.96	32.43	2.1
Erie R. R. Co.	1903	408.49	32.74	2.1
	1912	533.39	36.25	2.1
W.-B. & E. R. R. Co.	1903	235.63	21.48	2.1
	1913	400.86	30.53	2.1
N. Y., S. & W. R. R. Co.	1903	196.42	18.60	2.1
	1913	325.60	18.68	2.1
N. Y., O. & W. Ry. Co.	1903	238.17	18.31	2.1
	1913	308.01	20.96	2.1

LARGE TONNAGE OF ANTHRACITE COAL LOADED IN EACH CAR.

The respondents' anthracite-coal tariffs generally provide a high minimum car-load weight. To meet varying conditions of equipment due to the use of wooden box cars for the western trade, and to provide for the use of equipment other than coal cars, the tariffs provide—

that the minimum weight shall be 15 gross tons, 20 gross tons, marked capacity of cars, cars must be loaded full; for cars of a capacity over 75,000 pounds the minimum carload weight shall be 75,000 pounds—

and similar requirements, all tending to compel loading to the maximum carrying capacity of each car.

The large tonnage of anthracite coal loaded in each car tends toward lower transportation costs for the reason that in hauling all classes of traffic the percentage of the weight hauled for which no revenue is earned (the weight of the car) is a very large element. In the following pages certain traffic other than coal will be indicated which averaged from 5 to 30 tons loaded in each car. For each carload of such traffic handled it is evident that the nonrevenue tonnage constituted a much larger proportion of the total tonnage hauled than the revenue tonnage.

In 252 trains of anthracite coal moved from the Schuylkill region to Port Richmond and Port Reading over the Philadelphia & Reading Railway in October, 1913, the total tonnage (weight of car and contents) averaged 2,984 tons per train, the weight of the cars averaged 1,158 tons per train, and the weight of the cargo (anthracite coal) averaged 1,806 tons. Thus it appears that 60.9 per cent of the total tonnage hauled earned revenue while 39.1 per cent earned no revenue.

An analysis of the tonnage transported in 10 eastbound trains of the Central Railroad Company of New Jersey and 6 eastbound trains of the Delaware, Lackawanna & Western Railroad in November, 1912, which contained anthracite coal only (Morgan's Exhibits 41 and 42) shows that the weight of car constituted 30 per cent and the weight of contents constituted 70 per cent of the total weight of the cars and contents. The weight of the coal hauled in the Central and the Lackawanna trains averaged 2,000 tons of 2,000 pounds each, per train.

AVERAGE TONNAGE LOADED PER CAR.

Among many expert railroad men the revenue per car of freight is recognised as one of the safest criterions to earnings. In other words, a freight car, whether loaded heavy or light, has the same tare weight, therefore, that commodity which will load the heaviest is most profitable to the carrier. *Thompson Lumber v. I. C. R. R.*, 13 I. C. C., 657, 665.

To further set forth the average load per car obtained in the transportation of various classes of commodities, the following table shows the average net tons cargo loaded in each car.

	Net tons.
anthracite coal, mines to tidewater (Morgan Exhibit 39), average for all the respondents in this case.....	42.9
anthracite coal, mines to Buffalo, average for the L. V. R. R., D., L. & W. R. R., Erie R. R., and P. R. R.....	42.2
anthracite coal, tonnage hauled by the D. & H. Co. in September and October, 1913 (Williams, p. 1663).....	40.5
anthracite coal, tonnage hauled by the D. & H. Co. in September and October, 1913 (Williams, p. 1663).....	42.7
average revenue freight (exclusive of coal) hauled by the D. & H. Co. in September and October, 1913 (Williams, p. 1663).....	19.92
3 cars westbound merchandise loaded at Croxton transfer on the Erie R. R. Co. in October, 1913.....	5.7
5 cars westbound merchandise loaded at Elizabethport transfer on the C. R. R. Co. of N. J. October, 1913.....	5.25
5 cars westbound merchandise loaded at Waverly transfer on the P. R. R. Co. in October, 1913.....	7.62
7 cars westbound merchandise loaded at New York transfer on the D., L. & W. R. R. Co. in October, 1913.....	5.20
5 cars westbound merchandise loaded at Oak Island transfer on the L. V. R. R. Co. in October, 1913.....	5.50
5 I. C. C.	

	Net tons
896 cars eastbound merchandise loaded at Buffalo Lake freight house on the Erie R. R. Co. in October, 1913.....	21.1
6,175 cars eastbound merchandise loaded at Pittsburgh transfer on the P. R. R. Co. in October, 1913.....	6.0
580 cars eastbound merchandise loaded at Buffalo Lake on the D., L. & W. R. R. Co. in October, 1913.....	14.5
1,293 cars eastbound merchandise loaded at Buffalo Lake freight house on the L. V. R. R. Co. in October, 1913.....	22.4

Average tons per loaded car, through traffic, hauled by Delaware & Hudson Company in April and October, 1911.

[D. & H. Exhibit 24.]

Coke.....	36	Marble.....	2
Brick.....	31	Slate.....	1
Cement.....	31	Lime.....	2
Iron and steel articles.....	24	Paper.....	2
Sulphur.....	30	Household goods and furniture.....	1
Lumber.....	23	Pulp wood.....	2
Wood pulp.....	29	Grain and grain products.....	2
Hay.....	12	Fruit and vegetables.....	2

COST OF TRANSPORTING ANTHRACITE COAL FROM THE MINES TO TIDEWATER.

For use in this case operating costs of transporting anthracite coal from the mines to tidewater were compiled by the Commission's examiners. The costs so compiled were submitted in evidence as exhibits on January 17, 1914, as follows:

Morgan Exhibit 41.—Costs of transporting anthracite coal from mines to tidewater over the railway line of the Central Railroad Company of New Jersey in the month of November, 1912. The costs shown in this exhibit include all operating expenses in connection therewith.

Morgan Exhibit 42.—A compilation of assignable expenses arising from the transportation of anthracite coal from mines to tidewater over the railway lines of the Delaware, Lackawanna & Western Railroad Company in the month of November, 1912.

Morgan Exhibit 15.—Statement showing entire operating expenses of the Port Reading Railroad for the year ended June 30, 1913, the tonnage handled, and the cost per ton.

All the figures making up the costs as shown in Morgan Exhibits 41 and 42 were listed in great detail in schedules termed working papers. (Record, p. 7213, vol. 4) The respondents were furnished copies of the exhibits and were permitted to take the working papers to their offices and check them with their records. That the respondents availed themselves of this opportunity is indicated by the able and exhaustive cross-examination of Mr. Morgan on October 7, 8, and 9, 1914, by counsel for the respondents, over eight months after the cost figures were received in evidence.

The anthracite coal traffic of the respondents presents an opportunity to compile more accurate transportation costs than it is possible to compile for the transportation of most other commodities. The large volume of the anthracite coal tonnage, the manner in which it is handled, and the fact that it is strictly carload traffic originating on the respondents' lines, make it possible to accurately assign the operating expenses chargeable to this traffic.

Preliminary to the compilation of the operating costs a thorough inspection was made of the physical conditions, the facilities used, and the transportation costs and practices in the producing regions, in the yards en route, and at the tidewater terminal yards and piers, and also line transportation conditions. A thorough analysis was made of the train movements and the traffic handled in the month of November, 1912.

Morgan Exhibit 41.—The compilation of these figures was commenced on January 1, 1913, and was based on traffic which moved in the month of November, 1912. This month was chosen for the reason that it was the latest month for which the records were complete, also that the total operating expenses for that month were a fair average of the total operating expenses of the Central Railroad Company of New Jersey for the period of five years immediately prior to January 1, 1913.

The volume of the anthracite coal traffic compared with other freight traffic, also the revenue derived from each, on the Central Railroad Company of New Jersey, are shown by the following figures:

YEAR ENDED JUNE 30, 1913 (MORGAN EXHIBIT 35).

	Ton-mileage of revenue freight.		Revenue.	
	Ton-miles.	Per cent.	\$	Per cent.
Anthracite coal.....	1, 204, 222, 211	48. 5	\$10, 081, 112	46
All other freight.....	1, 278, 086, 781	51. 5	11, 822, 333	54
Total.....	2, 482, 287, 992	100	21, 903, 445	100
Average per month, anthracite coal.....	100, 351, 851	.....	840, 093	.....

MONTH OF NOVEMBER, 1912 (MORGAN EXHIBIT 37).

Anthracite coal.....	107, 435, 304	49. 7	\$851, 267	46. 7
All other freight.....	108, 608, 377	50. 8	972, 173	53. 3
Total.....	216, 043, 673	100	1, 823, 540	100

The anthracite coal traffic of the Central Railroad Company of New Jersey originates in the Wyoming, Upper Lehigh, and Lehigh regions. The loaded cars are assembled at Ashley, White Haven, and Mauch Chunk, respectively, and the empty cars are distributed to the various collieries from these points.

The first line haul of the tidewater anthracite coal from the Wyoming and Upper Lehigh regions is from Penobscot and White Haven to Mauch Chunk yard. The anthracite coal from the Lehigh region is assembled at the Mauch Chunk yard. The distances from Penobscot yard and White Haven to Mauch Chunk are 38 and 24 miles, respectively. The anthracite coal from the Wyoming region is handled over the Ashley planes from the assembling point (Ashley) to Penobscot. From Mauch Chunk all tidewater anthracite coal is handled in through trains to the tidewater terminal yards (New York harbor) or by short runs to intermediate points and from thence to tidewater. The distance from Mauch Chunk to the various tidewater terminal yards varies from 108 to 118 miles.

During the month of November, 1912, 15,985 cars of anthracite coal were hauled to tidewater terminal yards (p. 6889, vol. 46; working papers, Exhibit B, schedule 3,heet 1). Of these cars, 13,896, or 86.9 per cent, were hauled in through trains from Mauch Chunk to tidewater terminal yards, 209 were picked up en route by these rough trains, and 1,880 were handled by short-run trains from intermediate points between Mauch Chunk and tidewater terminals.

The 13,896 cars of anthracite coal were handled from Mauch Chunk to tidewater terminals in 432 trains. The total number of cars which were moved in these trains as follows:

	Mauch Chunk to tidewater.			Mauch Chunk to intermediate points.		
	Anthracite.	Other freight.	Empty.	Anthracite.	Other freight.	Empty.
Extra trains, anthracite only.....	Cars. 4, 744	Cars.	Cars. 2	Cars. 102	Cars.	Cars.
Scheduled trains, anthracite and other freight.....	319	1, 386	109	22	678	7
Extra trains, anthracite and other freight.....	8, 833	2, 220	30	239	174	1
432 trains.....	13, 896	3, 606	141	363	852	8

	Intermediate points to intermediate points.			Intermediate points to tidewater.		
	Anthracite.	Other freight.	Empty.	Anthracite.	Other freight.	Empty.
	Cars.	Cars.	Cars.	Cars.	Cars.	Cars.
102 extra trains, anthracite only.....	30			30		
49 scheduled trains, anthracite and other freight.....		64		78	203	10
281 extra trains, anthracite and other freight.....	5	500	4	101	2,126	76
432 trains.....	5	564	4	209	2,329	86

Of the 13,896 cars of anthracite coal hauled in through trains from Mauch Chunk to tidewater, 13,577 cars were handled in 383 so-called extra freight trains. Anthracite coal was the only commodity hauled in 102 extra freight trains, and such trains are referred to in the cost figures as solid trains of anthracite coal. In the remaining 281 extra freight trains both anthracite coal and other commodities were hauled, and such trains are referred to in the cost figures as mixed trains.

In order that the cost figures may be more readily understood a brief explanation of some of the items which were included in the cost figures will be helpful. Costs were computed and assigned as follows:

1. Assignable expenses of assembling the loaded cars and distributing the empty cars in the mining region.
2. Assignable expenses of the line haul in selected trains, viz: Ten trains of loaded cars, Ashley to Mauch Chunk; 10 trains of empty cars, Mauch Chunk to Ashley; 10 trains of anthracite coal only, Mauch Chunk to tidewater; 36 trains of anthracite coal and other freight, Mauch Chunk to tidewater; 30 trains of empty cars, tidewater to Mauch Chunk.
3. Assignable expenses of handling in intermediate yards and over planes.
4. Assignable expenses of handling in tidewater yards.
5. Assignable expenses of unloading at docks.

There remained certain items of operating expenses which could not be directly assigned to specific operations. Such expenses were divided between passenger service, anthracite coal traffic, and other freight traffic, as shown in section 30 following. The amount so assigned to anthracite coal is referred to as the "unallocated cost."

In this case, as in several other cases where operating costs have been computed, one of the principal criticisms directed to the costs is that it is impossible to allocate or separate accurately the expenses which are chargeable to freight service and the expenses which are chargeable to passenger service. For many years the carrier made a separation of operating expenses which are common to the freight and passenger services by dividing such expenses in accordance with the relative revenue produced by each of the two services. This basis was followed in the compilation of the figures in this exhibit. It is obvious that such a basis would not in all cases produce accurate costs, but because of conditions peculiar to the Central Railroad its use did not operate to understate the cost of transporting anthracite coal. The division of expenses so made and used in this exhibit resulted in charging 30 per cent of the common expenses to passenger service and 70 per cent to freight service. If the revenue locomotive mileage basis had been used it would have resulted in charging 35 per cent of the common expenses to passenger service and 65 per cent to freight service. If the revenue train mileage basis had been used it would have resulted in charging 48 per cent of the common expenses to passenger service and 52 per cent to freight service.

If the entire amount of such common expenses (\$339,691.29) was charged to freight service it would only increase the amount chargeable to the transportation of anthracite coal forty-four hundredths of 1 mill per ton-mile.

Morgan Exhibit 42.—This exhibit shows assignable costs of transporting anthracite coal from the mines to tidewater compiled from the records of the Delaware, Lacka-

wanna & Western Railroad Company, month of November, 1912. It was not possible to compile from the records of the Delaware, Lackawanna & Western Railroad Company as complete costs of transportation of anthracite coal from the mines to tidewater as was accomplished in Morgan Exhibit 41. The assignable costs shown in Morgan Exhibit 42 were compiled in substantially the same manner as those shown in Morgan Exhibit 41. The total of such costs covering the movement of anthracite coal from the Wyoming region to tidewater via the Delaware, Lackawanna & Western Railroad Company is 33.64 cents per ton (2,000 pounds). The assignable costs from mines to tidewater via the Central Railroad Company of New Jersey are shown to be 31.33 cents per ton (2,000 pounds) and the "unallocated cost" to be 21.59 cents per ton (2,000 pounds) in Morgan Exhibit 41.

It was not possible to determine the "unallocated cost" on this traffic, as the records of the Delaware, Lackawanna & Western Railroad Company were not kept in such form and detail as to permit this being done.

Morgan Exhibit 15.—The Port Reading Railroad is the New York harbor tidewater terminal line of the Reading Railway system. It does not handle any passenger traffic and 95 per cent of its total freight tonnage consists of anthracite and bituminous coal. The tonnage of freight handled by the Port Reading Railroad Company and its operating expenses for the year ended June 30, 1913, are shown in the following figures (tons of 2,000 pounds):

Tonnage handled:	Tons.
Anthracite coal.....	2,012,463
Bituminous coal.....	2,139,211
Merchandise.....	223,256
Total freight.....	4,374,910
Operating expenses:	
Maintenance of way and structures.....	\$132,070.25
Maintenance of equipment.....	3,210.33
Traffic expenses.....	365.25
Transportation expenses.....	423,396.53
General expenses.....	1,669.06
Total.....	560,711.78
Cost per ton.....	.128

The operating expenses shown above include all the expenses of a line haul from Port Reading Junction to Port Reading, distance 20 miles, and all terminal expenses at Port Reading, N. J. The services performed at this terminal are similar in character to the yard, docks, and other terminal services performed at the tidewater terminals by the other anthracite carriers. The cost of 12.8 cents per ton (2,000 pounds) includes all operating expenses of the Port Reading Railroad, and as this carrier does not handle passenger traffic the costs are not subject to criticisms because of any inaccuracies arising from the apportionments made of operating costs between freight service and passenger service.

The costs of transporting anthracite coal from the mines to tidewater via the Central Railroad Company of New Jersey, as shown in Morgan Exhibit 41, are:

	Cents.	Mills.
From the Wyoming region:		
Total cost per ton (2,000 pounds).....	53.91727	.....
Total cost per ton (2,340 pounds).....	59.36734	.....
Total cost per ton (2,000 pounds) per mile.....	3.30723	.....
From the Lehigh region:		
Total cost per ton (2,000 pounds).....	39.59928	.....
Total cost per ton (2,340 pounds).....	44.35119	.....
Total cost per ton (2,000 pounds) per mile.....	3.29994	.....
From the Upper Lehigh region:		
Total cost per ton (2,000 pounds).....	43.78495	.....
Total cost per ton (2,340 pounds).....	49.08914	.....
Total cost per ton (2,000 pounds) per mile.....	3.12749	.....

The average revenue derived by the Central Railroad Company of New Jersey for the transportation of anthracite coal from the mines to tidewater is 9.54 mills per ton (2,000 pounds) per mile. It therefore appears that the carrier's profit over operating expenses is approximately 6.2 mills per ton (2,000 pounds) per mile, or 190 per cent.

The revenue derived by the respondents from the transportation of anthracite coal to tidewater is shown in the following figures:

Carrier.	Average distance.	Average revenue per ton (2,240 pounds).	Average revenue per ton (2,000 pounds).	Average revenue per ton-mile (2,240 pounds).	Average revenue per ton-mile (2,000 pounds).
	<i>Miles.</i>			<i>Mills.</i>	<i>Mills.</i>
C. R. R. Co. of N. J.	139.3	\$1.439	\$1.329	10.69	1.14
L. V. R. R. Co.	157	1.484	1.325	9.45	1.44
N. Y. O. & W. Ry. Co.	209	1.447	1.292	6.92	4.18
Erie R. R. Co. (including N. Y., S. & W. R. R. Co.)..	167.5	1.407	1.255	8.40	7.0
P. & R. Ry. Co.	183.3	1.333	1.195	7.30	4.5
D. L. & W. R. R. Co.	147	1.300	1.161	8.84	7.0
P. R. R. Co.	213.4	1.310	1.190	6.10	4.5

Operating costs of transporting anthracite coal from the mines to tidewater over the railway lines of the Central Railroad Company of New Jersey in the month of November, 1912, are here set forth in detail.

CENTRAL RAILROAD COMPANY OF NEW JERSEY.

Section 1. Cost of transporting anthracite coal to tidewater, November, 1912.

FROM WYOMING REGION.

Allocated cost:	Cent per net ton.
Assembling loads at Penobscot and distributing empties (section 2)	1.20
Line haul to and from Mauch Chunk (section 7)	6.60
Handling at Mauch Chunk yard (section 7)	7.00
Line haul, Mauch Chunk to and from tide (section 24)	14.00
Handling at tidewater yards (section 12)	1.50
Handling at Elisabethport and Port Johnston docks (section 16)	1.20
	<u>31.50</u>
Unallocated cost:	
Cost per net ton-mile, 1.34014 mills (section 19).	
Average haul, 160 miles.	
Cost per net ton (160 x 1.34014 mills)	17.84
Total cost:	
Allocated cost, as above	31.50
Unallocated cost, as above	17.84
Total cost per net ton	<u>49.34</u>
Total cost per gross ton (2,240 pounds)	49.34
Total cost per net ton-mile, 3.30733 mills.	

FROM LEHIGH REGION.

Allocated cost:	
Assembling loads at Mauch Chunk and distributing empties (section 2)	1.20
Handling at Mauch Chunk yard (section 7)	7.00
Line haul, Mauch Chunk to and from tide (section 24)	14.00
Handling at tidewater yards (section 12)	1.50
Handling at Elisabethport and Port Johnston docks (section 16)	1.20
	<u>24.90</u>
Unallocated cost:	
Cost per net ton-mile, 1.34014 mills (section 19).	
Average haul, 120 miles.	
Cost per net ton (120 x 1.34014 mills)	16.08

	Cents per net ton.
Total cost:	
Allocated cost, as above.....	23.40800
Unallocated cost, as above.....	16.18008
Total cost per net ton.....	39.59228
Total cost per gross ton (2,240 pounds).....	44.35119
Total cost per ton-mile, 3.29994 mills.	

FROM UPPER LEHIGH REGION.

Allocated costs:	
Assembling loads at White Haven and distributing empties (section 11).....	.87951
Line haul to and from Mauch Chunk ¹	3.96475
Handling at Mauch Chunk yard (section 7).....	.74048
Line haul, Mauch Chunk to and from tide (section 24).....	14.43562
Handling at tidewater yards (section 13).....	1.57948
Handling at Elisabethport and Port Johnston docks (section 16).....	3.20815
	24.80609

Unallocated costs:	
Cost per net ton-mile, 1.34914 mills (section 19).	
Average haul, 140 miles.	
Cost per net ton (140 x 1.34914 mills).....	18.88796

Total costs:	
Allocated cost, as above.....	24.80609
Unallocated cost, as above.....	18.88796
Total cost per net ton.....	43.78405
Total cost per gross ton.....	49.03914
Total cost per net ton-mile, 3.12749 mills.	

Section 2. Total allocated cost of concentration of anthracite coal and distribution of empties, November, 1912.

WYOMING REGION.

	Cents per net ton.
Cost of assembling loads at Ashley and distributing empties to collieries (section 3).....	2.63843
Handling over planes (section 4).....	1.67312
Handling in Penobscot yard (section 5).....	.51576
Car cost (section 6).....	.33686
Total cost in cents per net ton.....	5.21417

LEHIGH REGION.

Cost of assembling loads at Mauch Chunk and distributing empties:	
Treecow branch (section 9).....	\$1,924.08
Nesquehoning Valley branch (section 8).....	7,942.43
Maryd (section 10).....	2,036.38
	11,902.74
4 tons handled, 354,606.5.	
Total cost in cents per net ton.....	3.35687

UPPER LEHIGH REGION.

Cost of assembling loads at White Haven and distributing empties:	
Handling, White Haven yard (section 11).....	.87951
Total cost in cents per net ton.....	.87951

The line haul from Ashley to Mauch Chunk and return averages 1.6249 mills per net ton-mile (section 24). Distance from White Haven to Mauch Chunk is 24.4 miles. The line-haul cost from White Haven to Mauch Chunk and return equals 3.96475 cents (24.4 x 1.6249 mills),

55 I. C. C.

Section 3. Allocated cost of assembling loads at Ashley and distributing empties at collieries, November, 1912.

Steam locomotives, repairs.....	\$2,888.83
Steam locomotives, depreciation.....	408.06
Station employees.....	1,108.69
Yardmasters and clerks.....	677.00
Yard conductors and brakemen.....	4,172.14
Yard switch and signal tenders.....	200.02
Yard supplies and expenses.....	113.84
Yard enginemen.....	3,759.84
Enginehouse expenses, yard.....	1,401.09
Fuel for yard locomotives.....	3,713.67
Water for yard locomotives.....	266.07
Lubricants for yard locomotives.....	87.68
Other supplies, yard locomotives.....	60.86
Road enginemen.....	266.06
Enginehouse expenses, road.....	75.00
Fuel for road locomotives.....	301.11
Water for road locomotives.....	22.46
Lubricants, road locomotives.....	7.43
Other supplies, road locomotives.....	8.41
Road trainmen.....	128.15
Total allocated cost.....	19,667.14
Proportion chargeable to anthracite coal, based on number of cars handled, 60.8 per cent.....	11,969.78
Net tons anthracite handled.....	453,069
Cost in cents per net ton.....	2.63843

Section 4. Allocated cost of handling anthracite coal over Ashley planes, November, 1912.

Steam locomotives:	
Repairs.....	\$212.16
Depreciation.....	39.96
Other expenses (maintenance of equipment).....	1,629.44
Yard conductors and brakemen.....	579.29
Yard enginemen.....	394.95
Enginehouse expenses, yard.....	92.00
Fuel for yard locomotives.....	282.90
Water for yard locomotives.....	17.10
Lubricants, yard locomotives.....	7.84
Other supplies, yard locomotives.....	12.30
Other expenses (transportation).....	6,802.26
Total.....	9,820.17
Gross tonnage, all freight handled.....	880,353
Gross tonnage, anthracite handled.....	633,449
Percentage of anthracite handled.....	71.969
Cost of handling anthracite.....	\$7,066.50
Net tonnage anthracite handled.....	446,323
Cost in cents per net ton.....	1.58329
Weightmaster Solomon's Gap scales.....	448.00
Tonnage of anthracite weighed:	
Revenue net tons.....	446,323
Nonrevenue net tons.....	52,351
Total.....	498,704
Cost in cents per net ton.....	.08663
Total cost in cents per net ton.....	1.67312

Section 5. Allocated cost of handling anthracite coal in Penobscot yard, November, 1912.

Steam locomotives:	
Repairs.....	\$433.43
Depreciation.....	79.29
Station employees.....	70.00
Yardmasters and their clerks.....	215.87
Yard conductors and brakemen.....	1,330.41

Yard switch and signal tenders.....	862.07
Yard enginemen.....	781.40
Enginehouse expenses, yard.....	26.03
Fuel for yard locomotives.....	631.17
Water for yard locomotives.....	42.71
Lubricants, yard locomotives.....	12.84
Other supplies, yard locomotives.....	11.30

Total.....3,697.50

Number of cars all freight handled.....	\$16,700
Number of cars anthracite handled.....	10,897
Percentage of anthracite handled.....	62.238
Cost of handling anthracite coal.....	\$2,301.99
Tonnage handled, net tons.....	446,323
Cost in cents per net ton.....	0.51576

Section 6. Allocated car cost in Wyoming concentration region, November, 1912.

Loaded car-miles anthracite coal collieries to Penobscot via Ashley yard and planes.....	57,185
Empty car-miles Ashley yard to collieries.....	33,321
(Mileage from Penobscot to Ashley via back track included in selected train costs.)	

Total car-miles.....125,506

125,506 car-miles, at 1.37577 cents per car-mile.....	\$1,726.67
Net tons handled.....	446,323
Cost in cents per net ton.....	0.38686

Section 7. Allocated cost of handling anthracite coal at Mauch Chunk yard, November, 1912.

Steam locomotives:

Repairs.....	\$864.06
Depreciation.....	275.61
Station employees.....	223.00
Yardmasters and clerks.....	1,152.36
Yard conductors and brakemen.....	4,347.01
Yard, switch, and signal tenders.....	490.38
Yard supplies and expenses.....	25.18
Yard enginemen.....	1,975.72
Enginehouse expenses, yard.....	427.71
Fuel for yard locomotives.....	1,286.11
Water for yard locomotives.....	103.22
Lubricants for yard locomotives.....	29.60
Other supplies for yard locomotives.....	60.04

Total.....11,252.00

Total cars handled.....	69,164
Cost in cents per car, loaded.....	16.26857
Cost in cents per car, empty.....	16.26857
Total cost per car anthracite, loaded and empty, in cents.....	32.53714
Average load per car, net tons.....	43.94
Cost in cents per net ton.....	0.74048

Section 8. Allocated cost of handling anthracite coal on Neshquehoning Valley branch, November, 1912.

Steam locomotives:

Repairs.....	\$1,879.97
Depreciation.....	305.06
Station employees.....	63.00
Yard conductors and brakemen.....	74.85
Yard, switch, and signal tenders.....	19.20
Yard supplies and expenses.....	5.44
Yard enginemen.....	88.05
Road enginemen.....	2,197.31
Enginehouse expenses, yard and road.....	433.10
Fuel for yard and road locomotives.....	3,078.15
Water for yard and road locomotives.....	216.05
Lubricants for yard and road locomotives.....	36.61

Other supplies for yard and road locomotives.....	572.89
Road brakemen.....	2,571.51
Total.....	11,043.83
Gross ton-miles all freight.....	15,547,296
Gross ton-miles anthracite.....	7,267,220
Percentage of anthracite to total.....	46.743
Proportion of above chargeable to anthracite.....	85,162.21
Salaries of weighmasters and their clerks at Hauto and Neshquehoning all chargeable to anthracite.....	307.00
Car costs:	
Car-miles, loaded, 89,885	
Car-miles, empty, 89,885	
Total, 179,770, at 1.37577 cents per car-mile.....	2,473.23
Total cost of handling anthracite coal.....	7,942.43

Section 9. Allocated cost of handling anthracite coal on Trescow branch, November, 1912.

Steam locomotives:	
Repairs.....	\$460.97
Depreciation.....	40.83
Station employees.....	102.50
Yardmasters and their clerks.....	67.89
Yard conductors and brakemen.....	404.35
Yard enginemen.....	308.14
Enginehouse expenses, yard.....	63.99
Fuel for yard locomotives.....	543.89
Water for yard locomotives.....	30.43
Lubricants, yard locomotives.....	13.07
Other supplies, yard locomotives.....	6.68
Total.....	2,139.84
Number of cars of all freight handled.....	2,249
Number of cars of anthracite handled.....	1,683
Percentage of anthracite to total.....	74.835
Proportion of above chargeable to anthracite coal.....	81,601.35
Car costs:	
Car-miles, loaded, 11,760	
Car-miles, empty, 11,760	
Total, 23,520, at 1.37577 cents per car-mile.....	323.55
Total cost of handling anthracite coal.....	1,924.99

Section 10. Allocated cost of handling coal from Maryd Coal Company to Hauto, Pa., November, 1912.

Amount paid to the L. C. & N. Co., voucher 84425.....	\$1,926.06
Car costs:	
Car-miles, loaded, 2,986	
Car-miles, empty, 2,986	
Total, 7,872, at 1.37577 cents per car-mile.....	108.89
Total cost.....	2,036.25

Section 11. Allocated cost of handling anthracite coal on Upper Lehigh branch and at White Haven yard, November, 1912.

Steam locomotives:	
Repairs.....	\$650.40
Depreciation.....	62.00
Yardmasters and clerks.....	15.00
Yard conductors and brakemen.....	199.54
Yard enginemen.....	181.99
Enginehouse expenses, yard.....	47.08
Fuel for yard locomotives.....	185.99
Water for yard locomotives.....	13.94
Lubricants, yard locomotives.....	4.59

Other supplies, yard locomotives.....	\$4.57
Road enginemen.....	183.54
Enginehouse expenses, road.....	77.38
Fuel for road locomotives.....	541.70
Water for road locomotives.....	39.98
Lubricants, road locomotives.....	5.34
Other supplies, road locomotives.....	5.68
Road trainmen.....	218.07
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	2,446.18
Net tons handled.....	29,788
Cost per net ton, in cents.....	0.87951

Section 12. Allocated cost of handling anthracite coal at Jersey City, Bayonne, and Elisabethport terminals, November, 1912.

Steam locomotives:	
Repairs.....	\$7,055.38
Depreciation.....	1,568.99
Station employees.....	5,404.83
Yardmasters and their clerks.....	5,018.31
Yard conductors and brakemen.....	21,194.71
Yard, switch, and signal tenders.....	559.08
Yard supplies and expenses.....	304.41
Yard enginemen.....	13,566.48
Enginehouse expenses, yard.....	2,433.13
Fuel for yard locomotives.....	8,944.16
Water for yard locomotives.....	630.91
Lubricants, yard locomotives.....	209.10
Other supplies, yard locomotives.....	402.50
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Total.....	67,391.98
Cars handled:	
Jersey City.....	94,183
Bayonne.....	27,491
Elisabethport.....	72,367
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Total.....	194,041
Cost per car, in cents.....	34.67923
Cost of handling 1 load and 1 empty, anthracite coal, in cents.....	69.35846
Average load per car, net tons.....	43.94
Cost, in cents, per net ton.....	1.57948

Section 13. Allocated cost of handling anthracite coal at Elisabethport terminal, November, 1912.

Steam locomotives:	
Repairs.....	\$1,976.36
Depreciation.....	442.35
Station employees.....	871.00
Yardmasters and their clerks.....	1,822.68
Yard conductors and brakemen.....	5,267.94
Yard, switch, and signal tenders.....	45.00
Yard supplies and expenses.....	131.03
Yard enginemen.....	3,591.55
Enginehouse expenses, yard.....	549.02
Fue for yard locomotives.....	3,253.33
Water for yard locomotives.....	220.97
Lubricants, yard locomotives.....	70.06
Other supplies, yard locomotives.....	182.70
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Total.....	18,133.86
Cars handled.....	72,367
Cost per car, in cents.....	25.04437
Cost of handling 1 load and 1 empty, anthracite coal, in cents.....	50.08874
Average load per car, net tons.....	43.94
Cost, in cents, per net ton.....	1.13993

Section 14. Allocated cost of handling anthracite coal at Jersey City, N. J., November, 1912.

Steam locomotives:	
Repairs.....	\$4,384.07
Depreciation.....	941.26
Station employees.....	3,406.57
Yardmasters and their clerks.....	2,790.00
Yard conductors and brakemen.....	14,424.37
Yard, switch, and signal tenders.....	514.08
Yard supplies and expenses.....	185.86
Yard enginemen.....	8,800.46
Enginehouse expenses, yard.....	1,554.02
Fuel for yard locomotives.....	4,896.08
Water for yard locomotives.....	346.97
Lubricants, yard locomotives.....	124.76
Other supplies, yard locomotives.....	175.08
Total.....	42,488.80
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Cars handled.....	94,183
Cost per car, in cents.....	45.1137
Cost of handling 1 load and 1 empty, anthracite coal, in cents.....	90.2264
Average load per car, net tons.....	43.94
Cost, in cents, per net ton.....	2.06337

Section 15. Allocated cost of handling anthracite coal at Bayonne terminal, November, 1912.

Steam locomotives:	
Repairs.....	\$722.00
Depreciation.....	185.26
Station employees.....	1,127.26
Yardmasters and their clerks.....	704.90
Yard conductors and brakemen.....	1,802.40
Yard, switch, and signal tenders.....	
Yard supplies and expenses.....	16.53
Yard enginemen.....	1,174.42
Enginehouse expenses, yard.....	228.40
Fuel for yard locomotives.....	794.75
Water for yard locomotives.....	62.97
Lubricants, yard locomotives.....	14.26
Other supplies, yard locomotives.....	44.12
Total.....	6,679.57
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Cars handled.....	27,491
Cost per car, in cents.....	24.29730
Cost of handling 1 load and 1 empty, anthracite coal, in cents.....	48.59460
Average load per car, net tons.....	43.94
Cost, in cents, per net ton.....	1.10593

Section 16. Allocated cost of handling anthracite coal at Port Johnston and Elizabethport docks, November, 1912.

Cost:	
Port Johnston (section 18).....	\$5,545.00
Elizabethport (section 17).....	4,337.28
Total.....	9,872.41
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Tonnage:	
Port Johnston (section 18).....	176,183
Elizabethport (section 17).....	123,149
Total.....	299,331
Cost, in cents, per net ton.....	3.29815

Section 17. Allocated cost of handling anthracite coal over docks at Elizabethport, November, 1912.

Repairs of buildings.....	\$190.10
Repairs to docks and wharves.....	550.00
Repairs, steam locomotives.....	372.46
Depreciation, steam locomotives.....	53.25
Coal and ore docks.....	2,416.43
Yard conductors and brakemen.....	552.73
Yard engineers.....	408.36
Enginehouse expenses, yard.....	67.93
Fuel for yard locomotives.....	363.76
Water for yard locomotives.....	27.43
Lubricants, yard locomotives.....	10.34
Other supplies, yard locomotives.....	12.58
Injuries to persons.....	9.67
Insurance.....	66.19
Total.....	5,028.00
Tonnage handled:	
Bituminous.....	19,943
Anthracite.....	123,149
Total.....	143,092
Cost, in cents per net ton.....	3.51388
Total cost of handling anthracite coal based on above tonnage.....	4,327.35

Section 18. Allocated cost of handling anthracite coal over dock at Port Johnston, November, 1912.

Repairs to buildings.....	\$268.37
Repairs to docks and wharves.....	464.73
Repairs, steam locomotives.....	214.63
Depreciation, steam locomotives.....	49.79
Coal and ore docks.....	2,436.39
Yard conductors and brakemen.....	321.30
Yard engineers.....	236.06
Enginehouse expenses, yard.....	79.16
Fuel for yard locomotives.....	307.23
Water for yard locomotives.....	16.20
Lubricants, yard locomotives.....	3.42
Other supplies, yard locomotives.....	7.54
Injuries to persons.....	151.39
Insurance.....	98.19
Total.....	5,545.09
Tonnage handled.....	176,182
Cost, in cents per net ton.....	3.14786

Section 19. Unallocated cost of transporting anthracite coal, November, 1912.

Proportion of amount of unallocated accounts chargeable to anthracite coal (section 30).....	\$123,887.31
Proportion of cost of transporting company freight for accounts represented in allocated costs chargeable to anthracite coal (section 20).....	11,057.48
Total.....	144,944.79
Tons 1 mile anthracite coal (section 23).....	107,435,304
Cost per net ton-mile for all unallocated expenses, mills.....	1.34914

Section 20. Cost of transporting company freight for accounts represented in allocated costs, November, 1912.

AMOUNTS OF ALLOCATED ACCOUNTS ASSIGNED TO FREIGHT (C. R. R. OF N. J. METHOD).

Maintenance of equipment:

Steam locomotives—	
Repairs.....	\$32,887.30
Depreciation.....	13,652.96
Freight train cars—	
Repairs.....	94,704.83
Renewals.....	496.00
Depreciation.....	61,328.46
Other expenses.....	1,636.44
Total.....	<u>254,663.99</u>

Transportation expenses:

Station employees (section 30).....	7,336.92
Yardmasters and clerks.....	9,484.87
Yard conductors and brakemen.....	48,160.63
Yard switch and signal tenders.....	2,060.21
Yard supplies and expenses.....	815.95
Yard enginemen.....	34,251.60
Enginhouse expenses, yard.....	6,116.60
Fuel for yard locomotives.....	29,266.05
Water for yard locomotives.....	1,651.37
Lubricants, yard locomotives.....	471.21
Other supplies, yard locomotives.....	786.02
Road enginemen.....	45,540.63
Enginhouse expenses, road.....	9,911.18
Fuel for road locomotives.....	85,370.10
Water for road locomotives.....	4,537.46
Lubricants, road locomotives.....	1,482.04
Other supplies, road locomotives.....	1,267.39
Road trainmen.....	55,294.45
Train supplies and expenses (section 30).....	1,604.86
Other expenses.....	6,372.12
Total.....	<u>351,612.34</u>

Grand total..... 606,307.33

Company freight proportion, 5.45 per cent¹ (section 21)..... 33,043.75

Less passenger proportion, 27.85 per cent²..... 9,202.68

23,841.07

Anthracite proportion, 46.38 per cent (section 21)..... 11,057.48

Assigned by Central Railroad Co. to:

Passenger service, 27.85 per cent..... 374,183.56

Freight service, 72.15 per cent..... 960,282.59

Total..... 1,343,566.14

Section 21. Gross ton-mileage, November, 1912.

Tare ton-miles:

Anthracite coal (revenue)—

Loaded car-miles (section 22)..... 2,445,045

Empty car-miles (section 22)..... 2,445,045

4,890,090

4,890,090 at 18 tons per car, 42.86 per cent..... 88,021,630

Other revenue freight—

Loaded car-miles (section 22)..... 4,763,374

Empty car-miles (section 22)..... 1,756,288

6,519,662

6,519,662 at 18 tons per car, 57.14 per cent..... 117,353,916

205,375,536

¹ Based on gross ton mileage.

² Based on Central Railroad of New Jersey division of all operating expenses between passenger and freight, i. e., total operating expenses, \$1,343,566.14.

Tons 1 mile (load):	
Anthracite coal (revenue), 49.73 per cent (section 23).....	\$107,435,304
Other revenue freight, 50.27 per cent (section 23).....	108,608,373
	<u>216,043,677</u>
From ton-miles (revenue):	
Anthracite coal—	
Load.....	\$107,435,304
Tare, 46.3808 per cent.....	88,021,620
	<u>195,456,924</u>
Other freight—	
Load.....	108,608,373
Tare, 53.6194 per cent.....	117,363,916
	<u>225,962,289</u>
	<u>421,419,213</u>
From ton-miles, company freight:	
Loaded car-miles (section 23).....	337,845
Empty car-miles (section 23).....	267,482
	<u>605,327</u>
605,327 at 18 tons per car.....	10,896,886
Tons 1 mile, load (section 23).....	13,415,501
	<u>24,311,387</u>
From ton-miles, all freight:	
Revenue freight, 94.55 per cent.....	421,419,213
Company freight, 4.45 per cent.....	24,311,387
	<u>445,730,600</u>

Section 22. Car-mileage, November, 1912.

From car-miles (including company freight): ¹	
Loaded.....	7,546,264
Empty.....	4,468,815
Total.....	<u>12,015,079</u>
From car-miles:	
Anthracite coal (revenue) ²	2,445,045
Other revenue freight.....	4,763,374
Company freight:	
Anthracite coal ³	191,654
Bituminous coal.....	75,828
Other freight ⁴	70,363
	<u>337,845</u>
Total loaded car-miles.....	<u>7,546,264</u>
From car-miles:	
Anthracite coal (revenue) ⁴	2,445,045
Other revenue freight.....	1,756,288
Company freight ⁵	267,482
Total empty car-miles.....	<u>4,468,815</u>
From car-miles (excluding company freight):	
Loaded—	
Anthracite coal, 33.92 per cent.....	2,445,045
Other freight, 66.08 per cent.....	4,763,374
	<u>7,208,419</u>
Empty—	
Anthracite coal, 53.20 per cent.....	2,445,045
Other freight, 41.80 per cent.....	1,756,288
	<u>4,201,333</u>

Carrier's records.

and by dividing anthracite ton-miles (section 23) by 43.94 net tons (the average load per car).

at 24 tons to car.

of loaded movement.

and by allowing empty movement equal to loaded movement anthracite and bituminous com-

Section 23. Tonnage handled, November, 1912.

	Tons.	Tons 1 mile.	Average haul.
Revenue tonnage:			Miles.
Other than coal—			
Local.....	846,911	15,387,625	44.25
Through.....	1,124,284	68,596,022	61.01
Bituminous coal.....	1,471,195	83,963,047	57.06
	482,373	24,624,726	51.05
Total other than anthracite.....	1,953,568	108,608,373	55.60
Anthracite coal.....	951,161	107,435,304	112.95
Total.....	2,904,729	216,043,677	74.38
Company freight:			
Anthracite coal.....		8,421,260	.....
Bituminous coal.....		3,305,527	.....
Other company freight.....		1,688,714	.....
		13,415,501	

*Section 24. Allocated line haul cost, anthracite coal, November, 1912.***Mauch Chunk to tide:**

Total cost allocated to anthracite coal in 46 selected loaded trains (section 25).....	86,581.56
Total car-miles anthracite coal in these trains (section 25)	211,325
Cost per car-mile empty movement, tidewater to Mauch Chunk, based on figures for 30 selected trains of empty cars (section 25), cents.....	2.51241
Allowing a return empty movement of 100 per cent, the cost of returning the empty cars on account of this loaded movement would be 211,325 car-miles, at 2.51241 cents per mile.....	5,306.35
Total allocated cost (loaded and empty).....	11,890.91
Net tons anthracite handled.....	82,373
Loaded net ton mileage (section 25).....	9,286,164
Cost per net ton-mile, mills.....	1.2874
Average haul per ton, miles.....	112.13
Cost per net ton, cents.....	14.43563

Ashley to Mauch Chunk:

Total cost allocated to anthracite coal in 10 selected loaded trains (section 25).....	\$578.82
Total cars anthracite coal in these trains.....	483
Mileage, Mauch Chunk to Ashley via back track, miles.....	51
Allowing a return empty movement of 100 per cent, the return car-mileage on account of the loaded movement would be, car-miles.....	24,582
Cost per car-mile, empty movement, based on figures for 10 selected trains of empty cars (section 25), cents	2.86048
Cost of empty movement on account of this loaded movement would be 24,582 car-miles, at 2.86048 cents per mile.....	703.16
Total allocated cost (loaded and empty).....	1,278.98
Net tons anthracite handled.....	21,092
Loaded net ton mileage (section 25).....	787,106
Cost per net ton-mile, mills.....	1.6260
Average haul per ton (load), miles.....	37.32
Cost per net ton, cents.....	6.06413

Commodity and class of train.	Caboose miles.	Ton-miles.						Wages, engine and train crew.	Locomotive costs.	Caboose costs (at 1.3767 cents per car-mile).	Total—wages, locomotive costs and caboose costs.	Car costs (at 1.3767 cents per car-mile).	Total allocated costs.									
		Net.	Tare.	Gross.		Amount.	Per cent.						(f)	(g)	(h)	(i)	(j)	(k)	Total	Average per ton-mile (cents).	Average per ton-mile (mills).	(m)
				Amount.	Per cent.																	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)									
Solid anthracite trains (10):																						
Anthracite coal.....	1,153	55,190	2,379,620	963,314	3,362,934	100	\$290.44	\$623.74	\$15.96	\$1,920.04	\$759.29	\$1,679.33	0.7057	3.04232								
Mixed trains (30):																						
Anthracite coal.....	156,125	6,856,544	2,785,696	2,785,696	9,655,180	82.4118				2,749.05	2,148.06	4,897.11	7.142	3.13646								
Bituminous coal.....	21,977	941,702	384,039	1,325,831	11,3106	8.7977				377.49	302.35	679.84	7.219	3.0841								
Other freight.....	17,577	418,637	316,128	734,765	6.2716	4.8729				200.21	241.82	461.03	1.0774	2.56002								
Total.....	4,111	196,669	8,216,973	3,496,808	11,715,776	100	1,072.46	2,206.78	56.56	3,285.76	2,692.29	5,027.98	7.286	3.03989								
All trains (40):																						
Anthracite coal.....	211,325	9,286,164	3,781,950	13,015,114	96.2344					3,674.21	2,907.35	6,581.56	7.126	3.11443								
Bituminous coal.....	21,977	941,702	384,039	1,325,831	8.7977					374.20	302.35	676.55	7.184	3.07845								
Other freight.....	17,577	418,637	316,128	734,765	4.8729					207.38	241.82	446.20	1.0730	2.55561								
Total.....	5,264	250,879	10,596,508	4,422,117	15,078,710	100	1,352.90	2,890.47	72.43	4,265.79	3,451.53	7,707.31	7.273	3.07212								
EMPTY MOVEMENT, TIDE TO MAUCH CHUNK, PA.																						
30 trains.....	3,410	183,229					684.22	1,351.52	48.91	2,032.65	2,520.81	4,603.46	.....	2.51241							
LOADED MOVEMENT, ASHLEY, PA., TO MAUCH CHUNK, PA.																						
Mixed trains (10):																						
Anthracite coal.....	17,962	787,106	320,248	1,107,354	98.5039					328.29	247.53	575.82	7.316	3.20042								
Other freight.....	356	10,378	6,446	16,819	1.4961					4.99	4.90	9.89	.9634	2.77609								
Total.....	510	18,348	797,479	326,694	1,124,173	100	136.65	186.61	7.02	133.28	252.45	585.71	7.345	3.19223								
EMPTY MOVEMENT, MAUCH CHUNK, PA., TO ASHLEY, PA.																						
10 trains.....	510	26,268					142.43	240.95	7.02	390.45	361.80	752.25	.....	2.89048							

Divided between commodities on basis of gross ton mileage, column (f).

Section 26. Recapitulation of 10 selected solid anthracite trains moving from Mauch Chunk, Pa., to tide during November, 1912.

Date.	Train.	Locomo- tive No.	Caboose miles.	Wages of engine and train crews.	Locomo- tive costs.	Anthracite coal.			
						Car-miles.	Net ton- miles.	Tare ton- miles.	Gross ton- miles.
1912.									
Nov. 27.....	Extra.....	480	118	\$27.27	\$80.87	5,640	288,212	102,080	388,292
Nov. 28.....	do.....	488	118	31.67	61.88	5,483	282,094	97,180	379,274
Nov. 29.....	do.....	684	118	28.30	60.88	5,310	274,740	97,404	372,144
Nov. 30.....	do.....	474	113	24.08	59.26	5,311	277,708	97,004	374,712
Nov. 1.....	do.....	678	114	25.75	58.82	5,840	287,074	98,487	385,561
Nov. 12.....	do.....	460	114	28.20	59.26	5,838	292,371	98,880	391,251
Nov. 10.....	do.....	443	114	31.37	66.13	5,264	222,863	92,927	315,790
Nov. 9.....	do.....	455	112	27.95	68.00	5,429	234,342	96,851	331,193
Nov. 22.....	do.....	680	116	26.15	61.77	5,498	283,351	97,643	380,994
Nov. 14.....	do.....	480	120	28.80	58.36	6,120	276,133	109,712	385,845
Total.....			1,188	280.44	622.74	55,190	2,879,620	983,314	3,862,934

... 1912, ...

Data.	Train.	Loco-motive No.	Ca-boose-miles.	Wages of engine and train crew.	Loco-motive cost.	Anthracite coal.				Bituminous coal.				Other freight.			
						Car-miles.	Net ton-miles.	Tare ton-miles.	Gross ton-miles.	Car-miles.	Net ton-miles.	Tare ton-miles.	Gross ton-miles.	Car-miles.	Net ton-miles.	Tare ton-miles.	Gross ton-miles.
1912.	Extra.																
Nov. 12.	do.	455	113	\$27.00	\$64.22	4,912	215,987	87,283	303,270	473	21,240	8,478	29,718	980	29,931	16,048	46,574
Nov. 9.	do.	446	114	29.33	61.33	4,065	173,738	71,772	245,510								
Nov. 8.	do.	450	113	27.52	59.12	5,236	235,200	97,294	332,494	224	4,731	1,888	6,589	464	9,882	8,149	18,081
Do.	do.	676	113	27.52	62.45	4,905	216,738	90,868	307,606	334	9,909	4,381	14,290	380	7,150	5,648	12,798
Nov. 12.	do.	478	114	25.29	57.69	4,960	184,953	76,490	261,443	550	23,928	9,616	33,541	787	9,861	16,066	26,917
Nov. 26.	do.	491	113	31.07	64.84	4,560	200,278	83,750	284,028								
Nov. 12.	do.	468	114	30.47	66.81	4,408	192,578	77,464	270,042	1,140	50,160	20,283	70,443	1,044	19,836	19,113	38,949
Nov. 12.	do.	432	114	33.47	62.55	2,742	126,470	46,624	173,094	1,638	68,661	23,360	92,021	769	17,624	13,066	30,690
Nov. 21.	do.	470	114	30.24	66.51	4,903	206,597	86,161	292,758	880	11,386	4,566	15,950	220	5,060	3,542	8,602
Nov. 14.	do.	478	114	29.69	62.41	4,944	211,548	82,353	293,901	1,066				1,066	22,174	17,530	40,004
Nov. 21.	do.	456	113	26.85	59.97	3,611	157,734	61,846	219,580	1,852	75,587	32,424	107,981	696	8,410	11,469	19,879
Nov. 11.	do.	444	116	32.23	66.95	4,946	216,691	90,945	307,636	802	11,784	8,013	19,797	356	2,613	2,312	4,925
Nov. 11.	do.	456	112	28.08	66.95	3,893	174,204	69,417	243,621	1,080	45,864	18,587	64,451	380	20,020	16,708	36,728
Nov. 11.	do.	439	114	30.52	61.71	3,632	175,935	77,650	253,585					381	22,679	16,708	39,387
Nov. 20.	do.	483	114	27.65	62.45	4,803	192,674	86,646	279,320	280	11,068	4,174	15,242	303	8,805	6,986	15,791
Nov. 5.	do.	482	114	27.65	62.45	3,773	154,726	63,009	217,735	118	4,877	2,076	6,953	1,012	2,871	18,599	21,470
Nov. 17.	do.	470	112	28.38	59.37	3,703	157,924	64,943	222,867	1,185	51,810	20,474	72,284	313	6,777	6,708	13,485
Nov. 10.	do.	470	114	28.38	59.37	4,783	202,888	83,176	286,064	63	2,451	1,118	3,569	644	19,300	11,461	30,767
Nov. 28.	do.	462	120	32.34	63.70	5,703	248,898	109,070	357,968	480	21,840	7,866	29,706				
Nov. 8.	do.	480	114	32.54	60.77	4,903	185,175	77,440	262,615					638	8,346	11,590	19,938
Do.	do.	430	114	32.54	60.77	4,903	185,175	77,440	262,615								
Nov. 12.	do.	444	112	32.00	59.57	3,800	177,315	76,455	253,770	900	32,175	13,524	45,699				
Do.	do.	473	120	34.70	69.25	5,024	146,233	64,384	210,617	894	38,304	16,283	54,587	110	8,560	12,032	20,632
Nov. 15.	do.	451	112	30.12	60.16	4,464	186,665	83,629	270,294	1,612	67,338	26,888	94,226	812	17,890	14,032	31,922
Nov. 15.	do.	461	112	30.12	59.64	4,464	186,665	83,629	270,294	894	38,304	16,283	54,587	508	15,436	10,972	26,408
Nov. 27.	do.	453	112	30.12	60.16	4,464	186,665	83,629	270,294	766	34,884	13,687	48,571	3,276	99,688	58,972	158,610
Nov. 27.	do.	453	112	30.12	60.16	4,464	186,665	83,629	270,294	480	17,820	8,016	25,836	382	15,263	11,029	26,281
Nov. 27.	do.	453	112	30.12	60.16	4,464	186,665	83,629	270,294	672	32,748	13,717	46,465	60	2,883	1,041	3,924
Nov. 17.	do.	436	112	34.67	66.82	3,760	166,623	73,050	239,673	1,206	62,748	23,717	86,465				
Nov. 13.	do.	450	112	32.23	58.24	4,092	182,702	81,308	264,010	972	40,500	17,235	57,735	108	1,536	1,668	3,204
Nov. 10.	do.	450	116	32.23	62.87	4,972	210,623	88,009	298,632	640	25,002	9,715	34,717	232	3,132	4,639	7,761
Nov. 10.	do.	452	114	32.34	64.45	4,782	206,890	85,298	292,088	580	31,436	10,863	42,300	570	14,136	10,243	24,379
Nov. 23.	do.	679	114	33.19	65.54	4,182	189,004	74,796	263,800	1,544	66,207	27,261	93,468				
Total.			4,111	1,072.46	2,208.73	156,138	6,856,544	2,798,036	9,655,580	21,977	941,792	384,039	1,325,831	17,077	418,037	316,128	734,765

Section 28. Recapitulation of 80 selected empty trains moving from tide to Mauch Chunk, Pa., during November, 1912.

Date.	Train index No.	Locomo- tive No.	From—	To—	Caboose- miles.	Car-miles.	Wages, train and engine men.	Locomo- tive costs.
1912.								
Nov. 7.....	1	460	Jersey City.....	Mauch Chunk.....	118	6,373	\$25.04	\$42.88
Nov. 8.....	3	681	do.....	do.....	118	6,008	25.79	44.35
Nov. 13.....	23	450	do.....	do.....	118	6,008	24.28	43.94
Nov. 15.....	32	466	do.....	do.....	118	6,480	26.14	48.97
Nov. 21.....	57	681	do.....	do.....	118	6,480	26.07	47.80
Nov. 22.....	65	457	do.....	do.....	118	6,264	22.11	44.23
Nov. 24.....	72	681	do.....	do.....	118	6,480	24.16	44.35
Nov. 25.....	76	456	do.....	do.....	118	6,000	22.11	44.47
Nov. 27.....	95	460	do.....	do.....	118	6,008	23.77	43.88
Nov. 29.....	107	684	do.....	do.....	118	5,991	23.98	43.47
Nov. 12.....	16	683	East Twenty-second street, Bayonne.	do.....	112	6,373	25.11	44.40
Nov. 13.....	20	478	do.....	do.....	112	6,105	23.40	43.43
Nov. 8.....	4	494	do.....	do.....	112	6,008	23.86	43.84
Nov. 14.....	29	477	do.....	do.....	112	6,160	25.43	43.80
Nov. 19.....	46	455	do.....	do.....	112	6,160	25.06	41.08
Nov. 21.....	69	455	do.....	do.....	112	6,000	21.31	45.40
Nov. 25.....	78	457	do.....	do.....	112	6,006	20.40	44.07
Nov. 26.....	84	478	do.....	do.....	112	5,713	20.98	44.11
Nov. 28.....	88	677	do.....	do.....	112	6,160	21.04	44.08
Nov. 27.....	92	443	do.....	do.....	112	6,940	27.13	44.92
Nov. 29.....	80	678	do.....	do.....	112	6,940	26.40	44.18
Nov. 23.....	71	458	do.....	do.....	112	6,940	24.31	43.89
Nov. 22.....	62	460	do.....	do.....	111	6,940	21.37	43.97
Nov. 19.....	48	462	West Eighth street, Bayonne.	do.....	108	6,616	22.66	40.37
Nov. 13.....	43	677	do.....	do.....	111	6,940	26.90	42.25
Nov. 11.....	10	478	do.....	do.....	111	6,105	21.37	42.57
Nov. 23.....	98	440	do.....	do.....	111	6,105	21.13	42.87
Nov. 25.....	82	440	do.....	do.....	111	6,994	21.40	43.98
Nov. 22.....	60	473	do.....	do.....	111	6,316	20.40	43.98
Nov. 11.....	11	455	do.....	do.....	111	6,316	20.40	43.98
Total.....					3,410	189,229	\$64.23	1,351.28

Date	Train	Loco- mo- tive No.	Car- boose miles.	Wages of engine and train crews.	Anthracite coal.				Other freight.			
					Car- miles.	Net ton- miles.	Tare ton- miles.	Gross ton- miles.	Car- miles.	Net ton- miles.	Tare ton- miles.	Gross ton- miles.
1912.												
Nov. 26.	Extra.	651	51	\$14.40	1,748	78,281	31,259	109,540	38	1,710	684	2,394
Nov. 19.	do.	652	51	13.82	1,862	79,701	32,933	112,724				
Nov. 22.	do.	656	51	19.16	1,724	77,574	31,189	108,763				
Nov. 28.	do.	656	51	11.90	1,938	85,181	34,780	119,961				
Nov. 26.	do.	657	51	13.06	1,786	77,698	31,599	109,197				
Nov. 12.	do.	661	51	13.44	1,800	79,688	31,930	111,618	36	1,620	720	2,340
Nov. 14.	do.	662	51	12.28	1,836	83,210	32,649	116,059				
Nov. 16.	do.	662	51	12.65	1,900	80,824	33,497	113,821				
Nov. 16.	do.	662	51	13.45	1,764	74,926	31,448	106,373				
Nov. 10.	do.	663	51	12.49	1,634	70,534	28,764	99,298	252	7,043	5,042	12,085
Total.			510	136.65	17,992	787,106	320,248	1,107,354	366	10,373	6,446	16,819

Section 29b. Recapitulation of 10 selected empty trains moving from Mauch Chunk, Pa., to Ashley, Pa., during November, 1912.

Date.	Train.	Loco- mo- tive No.	Carboose miles.	Wages of engine and train crews.	Locomo- tive costs.	Anthracite coal—car- miles.
1912.						
Nov. 19.	Extra.	651	51	\$14.20	22.57	2,703
Nov. 26.	do.	651	51	16.09	22.49	2,805
Nov. 15.	do.	653	51	14.33	22.21	2,550
Nov. 19.	do.	654	51	16.08	22.58	2,601
Nov. 21.	do.	656	51	13.15	26.36	2,499
Nov. 23.	do.	656	51	12.00	19.84	2,229
Nov. 16.	do.	660	51	14.81	24.26	2,656
Nov. 15.	do.	662	51	14.76	22.81	2,703
Nov. 10.	do.	663	51	14.58	24.57	2,751
Nov. 12.	do.	664	51	12.44	23.66	2,601
Total.			510	142.45	240.95	26,298

Section 28. Receipts of 30 selected empty trains moving from tide to Mauch Chunk, Pa., during November, 1912.

Date.	Train Index No.	Locomotive No.	From—	To—	Caboose-miles.	Car-miles.	Wages, train and engine men.	Locomotive costs.
Nov. 7 1912.			Jersey City.....	Mauch Chunk.....	115	6,373	\$28.04	\$42.86
Nov. 8.....	1	459	do.....	do.....	115	6,608	23.75	44.35
Nov. 9.....	2	430	do.....	do.....	115	6,608	24.28	44.34
Nov. 13.....	23	458	do.....	do.....	115	6,490	24.14	47.50
Nov. 15.....	27	457	do.....	do.....	115	6,490	24.07	48.47
Nov. 21.....	65	457	do.....	do.....	115	6,264	22.11	46.23
Nov. 22.....	66	457	do.....	do.....	115	6,400	22.11	46.23
Nov. 24.....	73	455	do.....	do.....	115	6,400	24.16	46.35
Nov. 25.....	75	455	do.....	do.....	115	6,400	22.11	46.35
Nov. 26.....	76	455	do.....	do.....	115	6,400	22.11	46.35
Nov. 27.....	95	459	do.....	do.....	115	6,608	24.77	46.47
Nov. 29.....	107	459	do.....	do.....	115	6,608	22.58	42.86
Nov. 12.....	16	453	East Twenty-second street, Bayonne.....	do.....	115	5.80	22.58	42.86
Nov. 13.....	20	478	do.....	do.....	115	6,272	20.11	42.86
Nov. 8.....	34	434	do.....	do.....	115	6,105	20.40	46.40
Nov. 14.....	29	477	do.....	do.....	115	6,608	20.55	43.43
Nov. 19.....	46	455	do.....	do.....	115	6,160	20.43	43.43
Nov. 23.....	69	455	do.....	do.....	115	6,160	20.66	42.80
Nov. 25.....	78	437	do.....	do.....	115	6,160	20.51	41.08
Nov. 26.....	84	478	do.....	do.....	115	6,600	21.21	45.40
Nov. 28.....	88	477	do.....	do.....	115	6,586	20.40	46.40
Nov. 29.....	92	443	do.....	do.....	115	5,713	20.08	44.07
Nov. 25.....	80	479	do.....	do.....	115	6,160	21.04	47.53
Nov. 26.....	458	458	do.....	do.....	115	5,940	27.13	44.11
Nov. 22.....	71	458	do.....	do.....	115	5,940	26.40	45.00
Nov. 19.....	62	452	do.....	do.....	115	5,940	21.04	46.52
Nov. 22.....	48	452	West Eighth street, Bayonne.....	do.....	111	5,940	24.31	44.13
Nov. 18.....	43	477	do.....	do.....	111	5,940	21.37	43.99
Nov. 11.....	10	476	do.....	do.....	108	5,616	22.66	43.97
Nov. 28.....	98	475	do.....	do.....	111	6,105	26.00	40.37
Nov. 25.....	52	440	do.....	do.....	111	6,105	21.37	43.25
Nov. 22.....	60	478	do.....	do.....	111	5,994	21.13	42.87
Nov. 11.....	455	455	do.....	do.....	111	6,216	20.40	43.98
Total.....					3,410	135,229	694.23	1,351.23

Section 29a. Recapitulation of 10 selected mixed trains moving from Ashley, Pa., to Mauch Chunk, Pa., during November, 1912.

Data.	Train.	Loco- motive No.	Co- boose miles.	Wages of engine and train crews.	Loco- motive costs.	Anthracite coal.				Other freight.			
						Car. miles.	Net ton- miles.	Tare ton- miles.	Gross ton- miles.	Car. miles.	Net ton- miles.	Tare ton- miles.	Gross ton- miles.
1912.													
Nov. 26.....	Extra.....	651	51	\$14.40	\$19.09	1,748	78,281	31,289	109,540	38	1,710	684	2,394
Nov. 19.....	do.....	652	51	13.92	18.40	1,652	79,171	32,183	112,724				
Nov. 22.....	do.....	656	51	19.10	19.84	1,628	77,174	31,189	108,363				
Nov. 28.....	do.....	655	51	11.60	19.84	1,628	85,119	31,780	116,903				
Nov. 7.....	do.....	657	51	13.44	17.88	1,706	77,488	31,490	108,977				
Nov. 12.....	do.....	657	51	12.48	18.41	1,800	79,688	31,690	111,378				
Nov. 12.....	do.....	662	51	12.38	18.41	1,800	80,210	32,840	113,050	36	1,600	720	2,346
Nov. 12.....	do.....	662	51	12.45	18.41	1,800	80,210	32,840	113,050				
Nov. 16.....	do.....	662	51	12.45	18.41	1,764	71,826	31,448	103,273				
Nov. 16.....	do.....	663	51	12.40	20.09	1,634	70,534	28,764	99,298				
Total.....			510	136.65	199.61	17,992	787,106	320,248	1,107,854	366	10,373	6,446	16,819

Section 29b. Recapitulation of 10 selected empty trains moving from Mauch Chunk, Pa., to Ashley, Pa., during November, 1912.

Data.	Train.	Loco- motive No.	Caboose miles.	Wages of engine and train crews.	Locomotive costs.	Anthracite coal—car- miles.
1912.						
Nov. 10.....	Extra.....	651	51	\$14.29	\$23.87	2,703
Nov. 26.....	do.....	651	51	16.09	23.49	2,806
Nov. 19.....	do.....	653	51	14.38	28.21	2,560
Nov. 10.....	do.....	654	51	16.08	28.88	2,601
Nov. 22.....	do.....	656	51	13.16	26.36	2,499
Nov. 28.....	do.....	656	51	12.00	19.84	2,229
Nov. 16.....	do.....	660	51	14.81	24.26	2,866
Nov. 16.....	do.....	692	51	14.76	22.81	2,708
Nov. 10.....	do.....	663	51	14.88	24.87	2,751
Nov. 12.....	do.....	664	51	12.44	26.06	2,601
Total.....			510	142.46	240.95	26,298

Section 29. Recapitulation of 30 selected empty trains moving from tide to Mauch Chunk, Pa., during November, 1912.

Date.	Train Index No.	Locomo- tive No.	From—	To—	Caboose- miles.	Car-miles.	Wages, train and engine men.	Locomo- tive costs.
1912.								
Nov. 7.	1	489	Jersey City.	Mauch Chunk.	118	6,372	\$25.04	\$42.85
Nov. 8.	2	481	do.	do.	118	6,008	22.79	45.35
Nov. 9.	3	480	do.	do.	118	6,008	24.23	45.94
Nov. 10.	23	485	do.	do.	118	6,490	24.14	45.97
Nov. 11.	22	486	do.	do.	118	6,490	24.07	47.50
Nov. 12.	21	487	do.	do.	118	6,254	22.11	45.23
Nov. 13.	64	481	do.	do.	118	6,490	24.19	46.35
Nov. 14.	72	481	do.	do.	118	6,490	22.71	46.47
Nov. 15.	76	486	do.	do.	118	6,008	22.77	45.47
Nov. 16.	86	489	do.	do.	118	6,008	22.11	45.27
Nov. 17.	107	482	do.	do.	118	6,008	22.11	45.27
Nov. 18.	16	482	East Twenty-second street, Bayonne.	do.	112	6,712	24.11	45.49
Nov. 19.	20	478	do.	do.	112	6,712	24.40	45.49
Nov. 20.	24	477	do.	do.	112	6,712	24.35	45.49
Nov. 21.	28	477	do.	do.	112	6,712	24.42	45.49
Nov. 22.	44	455	do.	do.	112	6,712	24.42	45.49
Nov. 23.	69	455	do.	do.	112	6,712	24.42	45.49
Nov. 24.	75	437	do.	do.	112	6,712	24.42	45.49
Nov. 25.	84	478	do.	do.	112	6,712	24.42	45.49
Nov. 26.	88	477	do.	do.	112	6,712	24.42	45.49
Nov. 27.	92	443	do.	do.	112	6,712	24.42	45.49
Nov. 28.	90	479	do.	do.	112	6,712	24.42	45.49
Nov. 29.	80	479	do.	do.	112	6,712	24.42	45.49
Nov. 30.	71	479	do.	do.	112	6,712	24.42	45.49
Nov. 1.	62	480	do.	do.	112	6,712	24.42	45.49
Nov. 2.	48	482	West Eighth street, Bayonne.	do.	111	5,940	24.31	44.52
Nov. 3.	48	482	do.	do.	111	5,940	24.31	44.52
Nov. 4.	48	482	do.	do.	111	5,940	24.31	44.52
Nov. 5.	10	477	do.	do.	108	5,615	22.66	43.59
Nov. 6.	13	476	do.	do.	108	5,615	22.66	43.59
Nov. 7.	28	476	do.	do.	111	6,108	24.90	45.27
Nov. 8.	62	440	do.	do.	111	6,108	21.37	43.26
Nov. 9.	60	473	do.	do.	111	5,994	21.12	43.26
Nov. 10.	11	455	do.	do.	111	6,216	20.40	43.26
Total.					3,410	185,229	684.23	1,351.59

Section 29a. Recapitulation of 10 selected mixed trains moving from Ashley, Pa., to Mauch Chunk, Pa., during November, 1912.

Date.	Train.	Loco- mo- tive No.	Ca- boose miles.	Wages of engine and train crews.	Anthracite coal.				Other freight.		
					Car- miles.	Net ton- miles.	Tare ton- miles.	Gross ton- miles.	Car- miles.	Net ton- miles.	Tare ton- miles.
1912.											
Nov. 26.....	Extra.....	651	51	\$14.40	1,748	78,281	31,259	109,540	38	1,710	684
Nov. 19.....	do.....	652	51	13.82	1,892	79,791	32,933	112,724			
Nov. 22.....	do.....	656	51	19.16	1,724	77,574	31,189	108,763			
Nov. 28.....	do.....	657	51	11.90	1,938	85,181	34,780	119,961			
Nov. 26.....	do.....	657	51	13.06	1,786	77,598	31,599	109,197			
Nov. 12.....	do.....	661	51	13.44	1,800	79,688	31,930	111,618	30	1,620	720
Nov. 14.....	do.....	662	51	12.28	1,836	83,210	32,649	116,059			
Nov. 15.....	do.....	662	51	12.65	1,900	80,324	33,467	113,821			
Nov. 16.....	do.....	662	51	13.45	1,764	74,926	31,448	106,373			
Nov. 10.....	do.....	663	51	12.49	1,634	70,534	28,764	99,298	253	7,043	5,042
Total.....			510	136.65	17,992	787,106	320,248	1,107,354	356	10,373	6,446
											16,819

Section 29b. Recapitulation of 10 selected empty trains moving from Mauch Chunk, Pa., to Ashley, Pa., during November, 1912.

Date.	Train.	Loco- mo- tive No.	Caboose miles.	Wages of engine and train crews.	Locomo- tive costs.	Anthracite coal-car- miles.
1912.						
Nov. 19.....	Extra.....	651	51	\$14.29	\$22.87	2,703
Nov. 26.....	do.....	651	51	16.09	22.49	2,508
Nov. 19.....	do.....	653	51	14.88	23.71	2,460
Nov. 19.....	do.....	654	51	16.98	23.48	2,601
Nov. 22.....	do.....	656	51	13.10	23.36	2,299
Nov. 22.....	do.....	656	51	12.10	19.84	2,623
Nov. 19.....	do.....	662	51	14.81	22.26	2,703
Nov. 19.....	do.....	662	51	14.78	24.87	2,701
Nov. 10.....	do.....	664	51	12.44	23.66	2,601
Total.....			510	142.45	240.95	26,268

Section 30. Statement of operating expenses showing distribution of amounts not represented in "allocated costs," November, 1912.

Amounts not represented in "allocated costs."															
Account.	Total charge to account.	Amounts represented in "Allocated costs."	Charges to passenger service.			Charges to freight service.									
			Total amount.	Proportion of common. ¹	Direct.	All freight.			Assigned to other freight.						
						Proportion of common. ¹	Total.	Direct.	Proportion of common. ²	Total.	Direct.				
												(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	Total.
1. MAINTENANCE OF WAY AND STRUCTURES.															
1. Superintendence.....	\$7,345.25			\$1,953.23	\$1,953.23		\$5,392.02	\$5,392.02		\$2,991.17	\$2,991.17		\$2,500.85	\$2,500.85	
2. Ballast.....	389.35			76.19	76.19		313.16	313.16		167.91	167.91		145.26	145.26	
3. Ties.....	27,305.31			8,265.94	8,265.94		19,043.37	19,043.37		10,213.62	10,213.62		8,834.76	8,834.76	
4. Rails.....	10,209.86			2,326.98	2,326.98		7,879.88	7,879.88		4,225.14	4,225.14		3,654.74	3,654.74	
5. Other track material	17,543.45			3,521.99	3,521.99		14,021.46	14,021.46		7,518.22	7,518.22		6,503.24	6,503.24	
6. Roadway and track.	73,492.12			18,649.89	18,649.89		54,842.23	54,842.23		29,406.07	29,406.07		25,436.16	25,436.16	
7. Removal of snow, etc.....	1,027.49			239.39	239.39		788.10	788.10		422.57	422.57		365.53	365.53	
8. Tunnels.....	195.79			10.91	10.91		184.88	184.88		99.13	99.13		85.76	85.76	
9. Bridges, trestles, etc.	9,476.77			2,571.96	2,571.96		6,904.81	6,904.81		3,702.32	3,702.32		3,202.49	3,202.49	
10. Over and under															
grade crossings.....	1,911.05			570.03	570.03		1,341.02	1,341.02		719.04	719.04		621.98	621.98	
11. Grade crossings, etc.	3,004.42			914.46	914.46		2,089.96	2,089.96		1,120.62	1,120.62		969.34	969.34	
12. Snow and sand	68.72			20.82	20.82		47.90	47.90		25.68	25.68		22.22	22.22	
13. Signals, etc.....	7,710.10			1,794.44	1,794.44		5,915.66	5,915.66		3,171.94	3,171.94		2,743.72	2,743.72	
14. Telegraph and telephone lines	777.56			143.65	143.65		633.91	633.91		339.90	339.90		294.01	294.01	
15. Buildings, fixtures, etc.	19,754.96	\$438.47		5,457.94	5,457.94		13,293.55	13,293.55		7,414.79	7,414.79		6,413.76	6,413.76	
17. Docks and wharves.	1,952.21	1,015.72		290.69	290.69		1,661.50	1,661.50		346.27	346.27		299.53	299.53	
18. Roadway tools, etc.	1,419.36			354.80	354.80		1,064.56	1,064.56		570.82	570.82		498.74	498.74	
19. Injuries to persons.	477.67			156.51	156.51		313.16	313.16		170.60	170.60		147.56	147.56	
20. Stationary and printing.															
21. Ink.....	162.38			35.99	35.99		126.49	126.49		67.82	67.82		58.67	58.67	
22. Other expenses.....	129.36			38.10	38.10		91.26	91.26		48.98	48.98		42.33	42.33	
23. Maintaining joint															
24. Tracks, etc., Dr	23,090.43			11,180.15	11,180.15		11,910.28	11,910.28		6,386.22	6,386.22		5,534.06	5,534.06	
25. Maintaining joint															
26. Tracks, etc., Cr	\$,632.49			\$35.89	\$35.89		\$,597.67	\$,597.67		\$,931.78	\$,931.78		\$,065.49	\$,065.49	
Total.....	204,811.12	1,454.19	203,356.93	58,265.74	58,265.74		145,091.19	145,091.19		77,797.00	77,797.00		67,294.19	67,294.19	

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II. MAINTENANCE OF EQUIPMENT.									
24. Superintendence.....	5,345.47			1,223.04		4,122.43		2,210.43	1,912.00
25. Steam locomotives, repairs.....	107,478.34	107,478.34							
26. Steam locomotives, depreciation.....	17,703.52	17,703.52							
27. Passenger-train cars, repairs.....	16,693.68	16,693.68		16,693.68					
28. Passenger-train cars, depreciation.....	8,630.88	8,630.88		8,630.88					
29. Freight-train cars, repairs.....	94,704.83	94,704.83							
30. Freight-train cars, renewals.....	496.00	496.00							
31. Freight-train cars, depreciation.....	61,323.46	61,323.46							
32. Work equipment, repairs.....	1,041.05		217.33	217.33		323.72	823.79	441.67	382.05
33. Work equipment, renewals.....	100.00		20.87	20.87		79.13	79.13	42.43	36.70
34. Work equipment, depreciation.....	886.97		185.17	185.17		701.80	701.80	376.30	325.50
35. Shop machinery and tools.....	8,165.41		1,868.25	1,868.25		6,297.16	6,297.16	3,376.50	2,920.66
36. Injuries to persons.....	276.50		71.08	71.08		205.42	205.42	110.13	95.29
37. Stationery and printing.....	464.05		104.17	104.17		357.88	357.88	191.90	165.98
38. Other expenses.....	1,629.44	1,629.44							
39. Maintaining joint-equipment at terminals, Dr.....	965.22			595.06		370.16	370.16	198.48	171.68
Total.....	325,904.82	335.59	42,599.23	25,324.56	4,286.97	29,011.53	12,957.70	6,947.84	6,009.86
III. TRAFFIC EXPENSES.									
40. Superintendence.....	10,409.02		2,874.20	412.93		2,874.20	7,121.89	3,818.71	3,303.18
41. Outside agencies.....	6,091.65		1,995.98			1,995.98	4,095.67		
42. Advertising.....	6,287.66		6,287.66			6,287.66			
43. Traffic associations.....	76.25			0.85		65.14	69.40	37.21	32.19
44. Fast freight lines.....	1,531.42					1,531.42	1,531.42	1,531.42	
45. Stationery and printing.....	1,900.35		222.74	40.63		293.37	1,636.98	877.75	759.23
46. Other expenses.....	1,752.18		1,752.18			1,752.18			
Total.....	28,048.53	13,132.76	28,048.53	460.41		295.40	14,455.36	4,732.67	4,094.60

1 Represents assignment made by Central Railroad Company of New Jersey of expenses common to passenger service and freight service.
 2 Represents assignment on gross ton mileage basis of freight expenses common to anthracite coal and other freight

Section 50. Statement of operating expenses showing distribution of amounts not represented in "allocated costs," November, 1912—Continued.

Account.	Total charge to account.	Amounts represented in "Allocated costs."	Amounts not represented in "allocated costs."												
			Charges to passenger service.			All freight.			Assigned to other freight.			Assigned to anthracite coal.			
			Total amount.	Direct.	Proportion of common. ¹	T total.	Direct.	Proportion of common. ¹	Total.	Direct.	Proportion of common. ²	Total.	Direct.	Proportion of common. ²	
															(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
(a)	(b)														
IV. TRANSPORTATION EXPENSES.															
61. Superintendence...	\$11,856.19		\$11,856.19		\$2,675.67	\$9,180.52		\$9,180.52		\$4,922.54		\$4,922.54		\$4,257.98	\$4,257.98
62. Dispatching trains...	5,744.14		3,744.14		1,020.62	2,723.52		2,723.52		1,460.35		1,460.35		1,263.17	1,263.17
63. Station employees...	89,034.85	\$7,339.92	81,694.93	\$16,021.85	3,016.97	19,038.82	\$35,191.64	7,464.47	62,656.11	\$33,587.46	15,586.44	49,173.90		13,482.21	13,482.21
64. Weighing and car-service associations...	35.06		35.06												
65. Coal and ore docks...	5,852.82														
66. Station supplies and expenses...	15,347.		15,347.67		434.58	3,084.16	9,827.98	1,535.53	11,303.51	8,554.53	1,506.16	10,060.69		1,302.82	1,302.82
67. Yardmasters and clerks...	9,926.87														
68. Yard conductors and brakemen...	51,242.27														
69. Yard switching, etc., tenders...	2,364.77														
70. Yard supplies and expenses...	914.89														
71. Yard engineers...	36,301.69														
72. Enginehouse expenses, yard...	6,540.43														
73. Fuel for yard locomotives...	30,588.54														
74. Water for yard locomotives...	1,764.73														
75. Lubricants for yard locomotives...	504.44														
76. Other supplies, yard locomotives...	841.38														

77. Operating joint yards and terminals, Dr.....	16,846.06	16,846.06	9,822.46	9,822.46	6,967.22	6,967.22	3,735.78	3,735.78	3,231.44	3,231.44
78. Operating joint yards and terminals, Cr.....	8,117.48	8,117.48	478.74	478.74	4,687.74	4,687.74	2,628.21	2,628.21	2,164.86	2,164.86
80. Road engines.....	77,038.59	77,038.59								
81. Engine-house expenses, road.....	18,085.37	18,085.37								
82. Fuel for road locomotives.....	152,214.16	152,214.16								
83. Water for road locomotives.....	8,177.85	8,177.85								
84. Locomotives, road.....	2,685.99	2,685.99								
85. Other supplies, road locomotives.....	2,331.47	2,331.47								
86. Road trainmen.....	84,959.98	84,959.98								
87. Train supplies and expenses.....	18,207.61	1,064.36	13,512.25	10,837.14	10,837.14	2,676.11	10,837.14	1,634.91	1,241.20	1,241.20
88. Interlocutors, etc., operating.....	18,641.11									
89. Crossing flagmen and gatemen.....	7,713.44									
90. Drawbridge operators.....	2,727.95									
91. Clearing wrecked telegraph and telephone operation.....	2,543.09	45.99	902.94	47.07	2,494.64	1,825.01	1,825.01	978.56	845.45	845.45
92. Stationery and printing.....	2,028.25		484.28			1,544.02	1,544.02	837.89	715.13	715.13
93. Stationery and printing.....	11,520.96	8,797.80	130.01	8,927.81	2,155.01	438.14	2,593.15	1,390.43	1,302.72	1,302.72
94. Loss and damage, freight.....	6,280.49	3,263.49	17.00	8.22	8.78	8.78	4.71	4.71	4.07	4.07
95. Loss and damage, baggage.....	13,038.51				13,038.51		13,038.51	13,015.05	823.46	823.46
96. Damage to property.....	65.00	65.00								
97. Damage to stock.....	15,091.07	389.71	6,910.06	7,279.77	7,438.01	7,811.30	4,188.37	4,188.37	3,632.98	3,632.98
98. Injuries to persons.....	1,977.00	60.00	1.97	60.00	1.37	1.37	73.73	73.73	64.64	64.64
99. Operating joint tracks, etc., Dr.....	18,822.03	161.06	10.03	9,936.97	8,667.73	8,721.00	4,676.15	4,676.15	4,044.55	4,044.55
100. Operating joint tracks, etc., Cr.....	5,273.05			1,560.40		3,703.65	3,703.65	1,985.87	1,717.78	1,717.78
101. Total.....	741,726.17	507,768.07	253,968.10	49,618.01	22,434.83	82,063.84	94,459.97	51,893.07	44,895.90	44,895.90

Represents assignment made by Central Railroad Company of New Jersey of expenses common to passenger service and freight service.
 Represents assignment on gross ton mileage basis of freight expenses common to anthracite coal and other freight.

Section 30. Statement of operating expenses showing distribution of amounts not represented in "allocated costs," November, 1912—Continued.

Amounts not represented in "allocated costs."															
Account.	Total charge to account.	Amounts represented in "Allocated costs."	Charges to passenger service.				Charges to freight service.								
			Total amount.	Direct.	Proportion of common. ¹	Total.	All freight.		Assigned to other freight.		Total.	Direct.	Proportion of common. ²		
							(g)	(h)	(i)	(j)				(k)	(l)	(m)	(n)	(o)
7. GENERAL EXPENSES.															
106. Salaries and expenses, general	\$5,922.41		\$5,922.41	\$512.55	\$968.99	\$1,482.54	\$382.75	\$3,578.12	\$4,440.87	\$624.25	\$1,918.57	\$2,542.82	\$238.50	\$1,659.55	\$1,898.05
107. Salaries and expenses, clerks, office supplies and expenses	18,020.22		18,020.22	2,945.76	1,541.14	4,486.90	7,842.45	5,690.87	13,533.32	7,064.63	3,051.41	10,116.04	777.82	2,639.46	3,417.28
108. General office supplies and expenses	1,438.44		1,438.44	285.45	139.08	435.13	487.51	515.80	1,033.31		537.97	537.97		465.34	465.34
109. Law expenses	7,283.75		7,283.75		1,552.16	1,552.16		5,731.59	5,731.59		3,073.24	3,073.24		2,668.35	2,658.35
110. Insurance	1,804.44	\$164.38	1,640.06		334.76	334.76		1,305.30	1,305.30		699.89	699.89		905.41	905.41
111. Stationery and printing	2,681.58		2,681.58		571.44	571.44		2,110.14	2,110.14		1,131.44	1,131.44		978.70	978.70
112. Stationery and printing	2,537.20		2,537.20	193.51	276.24	469.75	1,047.38	1,020.07	2,067.45		1,108.55	1,108.55		983.90	983.90
113. Other expenses	84.86		84.86		18.06	18.06		66.78	66.78		35.81	35.81		30.97	30.97
114. General administration joint	3,305.60		3,305.60		2,037.90	2,037.90		1,267.70	1,267.70		678.73	678.73		587.97	587.97
115. General administration joint	4.00		4.00			.86		3.14	3.14		1.68	1.68		1.46	1.46
Total	43,075.50	164.38	42,911.12	3,948.27	7,439.83	11,387.80	10,240.09	21,283.23	31,523.32	7,088.88	12,234.93	19,923.81	1,016.32	10,583.19	11,599.51
RECAPITULATION OF EXPENSES.															
I. Maintenance of way and structures	204,811.12	1,454.19	203,356.93			58,265.74		146,091.19	146,091.19		77,797.00	77,797.00		67,294.19	67,294.19
II. Maintenance of equipment	328,904.89	283,885.59	45,019.30	26,394.56	4,288.07	29,611.83		12,987.70	12,987.70		6,947.84	6,947.84		6,000.86	6,000.86
III. Traffic expenses	28,043.83		28,043.83	13,132.76	460.41	13,693.17	14,168.96	286.40	14,455.36	5,637.09	4,783.67	10,860.76		4,664.00	4,664.00
IV. Transportation expenses	741,728.17	768,077,283,968.10	49,618.01	39,638.89	32,638.84	94,489.97	87,484.29	151,914.29	157.04	51,868.07	107,028.11	22.48	44,865.60	44,865.60	44,865.15
V. General expenses	3,073.50	164.38	2,909.12	3,948.27	7,439.83	11,387.80	10,240.09	21,283.23	31,523.32	7,088.88	12,234.93	19,923.81	1,016.32	10,583.19	11,599.51
Total	1,243,666.14	792,712.28	550,953.91	92,028.60	102,868.46	194,912.06	118,896.08	287,071.51	335,941.83	98,473.01	183,581.51	222,064.62	1,099.78	182,841.93	7,538.87.31

1: Represents assignment made by Central Railroad Company of New Jersey of expenses common to passenger service and freight service. It represents assignment on gross ton mileage basis of freight expenses common to anthracite coal and other freight.

of the most common food allergens and other ingredients commonly found in many processed foods. The allergens are listed on the label in descending order of prevalence. The allergens are: milk, eggs, wheat, soybeans, peanuts, tree nuts, fish, shellfish, and sesame seeds. The allergens are listed on the label in descending order of prevalence. The allergens are: milk, eggs, wheat, soybeans, peanuts, tree nuts, fish, shellfish, and sesame seeds.

BALANCE SHEETS OF THE LARGE COAL COMPANIES.

Lehigh & Wilkes-Barre Coal Company.

General balance sheet June 30, 1912. Capital stock owned by the Central Railroad Company of New Jersey.

ASSETS.		LIABILITIES.	
Property and equipment.....	\$28,136,335.18	Capital stock.....	\$9,212,500.00
Current assets.....	6,278,298.86	Funded debt.....	19,687,000.00
Deferred accounts.....	150,219.12	Current liabilities.....	1,026,481.57
Trustees sinking fund, consolidated loan.....	982,743.23	Deferred accounts.....	680,190.85
Material and supplies.....	347,356.88	Colliery improvement fund.....	1,694,090.19
Securities owned.....	1,063,556.96	Sinking fund, accruals, consolidated loan.....	971,076.56
		Suspense account.....	17,500.00
		Profit and loss.....	3,569,691.01
	<hr/>		<hr/>
	36,858,590.18		36,858,590.18

Philadelphia & Reading Coal & Iron Company.

General balance sheet June 30, 1912. Capital stock owned by Reading Company, which also owns the capital stock of the Philadelphia & Reading Railway Company.

ASSETS.		LIABILITIES.	
Property and equipment.....	\$67,960,012.14	Capital stock.....	\$8,000,000.00
Securities owned and loans to companies controlled.....	9,863,914.75	P. & R. colliery sinking fund loan....	1,110,090.00
Current assets.....	8,750,395.22	Reading Company (loan).....	73,466,529.72
Stocks, bonds, and mortgages.....	73,201.24	Current liabilities.....	1,925,559.52
	<hr/>	Miners' beneficial fund.....	37,869.72
	86,647,523.35	P. & R. current account.....	647,870.25
		Profit and loss.....	1,459,694.14
			<hr/>
			86,647,523.35

The Hudson Coal Company.

General balance sheet June 30, 1912. Capital stock owned by the Delaware & Hudson Company.

ASSETS.		LIABILITIES.	
Cost of property.....	\$2,139,689.78	Capital stock.....	\$2,500,000.00
Securities owned.....	6,000.00	Debtenture bonds.....	1,075,000.00
Advanced royalties paid on unmined coal.....	243,073.34	Sinking-fund account.....	159,371.40
Coal on hand.....	81,971.65	Accounts payable.....	3,331,273.33
Accounts receivable.....	3,305,438.52	Profit and loss.....	381,921.42
Notes receivable.....	1,586,793.21		<hr/>
Cash.....	84,599.65		7,447,566.15
	<hr/>		
	7,447,566.15		

Northern Coal & Iron Company.

General balance sheet June 30, 1912. Capital stock owned by the Delaware & Hudson Company.

ASSETS.		LIABILITIES.	
Real estate.....	\$100,290.00	Capital stock.....	\$1,500,000.00
Coal lands.....	3,260,850.10	The Delaware & Hudson Co.....	5,676,016.96
Railroad construction.....	3,814,876.86		<hr/>
	<hr/>		7,176,016.96
	7,176,016.96		

Hillside Coal & Iron Company.

Condensed balance sheet June 30, 1912. Capital stock owned by Erie Railroad Company.

ASSETS.		LIABILITIES.	
Value of property.....	\$2,988,539.85	Capital stock.....	\$1,000,000.00
Miscellaneous securities owned.....	5.00	Special fund for depreciation of lands.....	2,068,105.74
Advanced royalties.....	129,442.77	Reserve funds, miscellaneous.....	96,807.91
Current assets.....	390,845.23	Individuals and companies.....	1,992,606.04
Deficits.....	2,500,800.93	Current liabilities.....	832,115.09
	<hr/>		<hr/>
	6,009,633.78		6,009,633.78

Pennsylvania Coal Company.

Condensed balance sheet June 30, 1912. Capital stock owned by the Erie Railroad Company.

ASSETS.		LIABILITIES.	
Value of property.....	\$4,509,920.87	Capital stock.....	\$5,000,000.00
Miscellaneous securities owned.....	500,006.00	Mortgages on real estate.....	30,000.00
Advanced royalties.....	213,165.12	Interest accrued, not due.....	880.00
Current assets.....	5,216,529.12	Special fund for depreciation of lands.....	183,773.57
		Reserve funds, miscellaneous.....	187,804.84
		Current liabilities.....	1,303,235.46
		Dividend.....	1,500,000.00
		Profit and loss.....	2,283,957.34
	<hr/> 10,439,621.11		<hr/> 10,439,621.11

New York, Susquehanna & Western Coal Company.

Condensed balance sheet June 30, 1912. Capital stock owned by the New York, Susquehanna & Western Railroad Company.

ASSETS.		LIABILITIES.	
Value of property.....	\$1,438,732.55	Capital stock.....	\$1,220,500.00
Securities owned.....	25,000.00	Bonded debt.....	28,000.00
Current assets.....	190,261.19	Bills payable.....	25,000.00
		Special fund for depreciation of lands.....	38,551.51
		Reserve funds.....	230.00
		Current liabilities.....	137,764.28
		Interest accrued, not due.....	745.53
	<hr/> 1,653,993.74	Profit and loss.....	197,192.03
			<hr/> 1,653,993.74

The Lehigh Valley Coal Company.

General balance sheet June 30, 1912. Capital stock owned by the Lehigh Valley Railroad Company.

ASSETS.		LIABILITIES.	
Property and plant.....	\$22,130,799.32	Capital stock.....	\$1,905,000.00
Securities owned.....	200,000.00	Funded debt.....	20,296,000.00
Advances for coal-mining rights...	4,497,100.78	Current liabilities.....	2,604,477.67
Sinking funds in hands of trustees..	2,290,058.73	Deferred and suspended liabilities...	1,375,205.03
Insurance fund.....	56,143.04	Reserve accounts.....	2,883,544.36
Current assets.....	3,359,621.65	Profit and loss.....	3,496,636.86
Deferred and suspended assets.....	77,139.81		
	<hr/> 32,610,863.32		<hr/> 32,610,863.32

Coxe Brothers & Company, Incorporated.

General balance sheet June 30, 1912. Capital stock owned by the Lehigh Valley Railroad Company.

ASSETS.		LIABILITIES.	
Property and plant.....	\$2,910,150.00	Capital stock.....	\$2,910,150.00
Advanced for coal-mining rights...	69.32	Current liabilities.....	371,185.17
Current assets.....	411,515.70	General reserve fund.....	78,757.99
Deferred assets.....	7,881.90		
Deficit.....	30,476.15		
	<hr/> 3,380,093.07		<hr/> 3,380,093.07

Scranton Coal Company.

General balance sheet December 31, 1912. Capital stock owned by the New York, Ontario & Western Railway Company.

ASSETS.		LIABILITIES.	
Cost of property (book value).....	\$2,259,722.91	Capital stock.....	\$200,000.00
Investments in other companies...	133,259.00	Funded debt.....	1,170,000.00
Current assets.....	1,424,477.22	Mortgages payable.....	174,270.58
Royalty paid in advance.....	164,991.12	Current liabilities.....	3,537,285.00
Due by Elk Hill Coal & Iron Co...	41,249.35		
Suspense account.....	22,457.47		
Deficit.....	1,025,399.00		
	<hr/> 5,071,556.07		<hr/> 5,071,556.07

Elk Hill Coal & Iron Company.

General balance sheet December 31, 1912. Capital stock owned by the New York, Ontario & Western Railway Company.

ASSETS.		LIABILITIES.	
Cost of property (book value).....	\$3,790,513.09	Capital stock.....	\$60,000.00
		Funded debt.....	3,600,000.00
		Amount due Scranton Coal Co.....	41,249.25
		Profit and loss account.....	89,263.74
	<hr/>		<hr/>
	3,790,513.09		3,790,513.09

Susquehanna Coal Company.

General balance sheet December 31, 1912. Capital stock owned by the Pennsylvania Railroad Company.

ASSETS.		LIABILITIES.	
Property and equipment.....	\$2,545,834.43	Capital stock.....	\$2,136,800.00
Securities owned.....	289,788.60	Funded debt.....	6,000,000.00
Current assets.....	8,074,060.51	Current liabilities.....	1,716,238.14
Advances to other companies.....	512,000.00	Profit and loss.....	1,570,975.63
Depreciation and surface lots.....	23.72		
Prepaid insurance.....	2,276.51		
	<hr/>		<hr/>
	11,424,013.77		11,424,013.77

Summit Branch Mining Company.

General balance sheet December 31, 1912. Capital stock owned by the Pennsylvania Railroad Company and the Northern Central Railway Company.

ASSETS.		LIABILITIES.	
Cost of railroad, real estate, machinery, etc.....	\$50,182.50	Capital stock.....	\$25,000.00
Securities owned.....	2.00	Current liabilities.....	544,143.06
Current assets.....	4,175.72	Lykens Valley Coal Co.....	24,706.63
Deficit.....	2,580,476.08	Due other companies.....	2,040,986.61
	<hr/>		<hr/>
	2,634,836.30		2,634,836.30

Mineral Railroad & Mining Company.

General balance sheet December 31, 1912. Capital stock owned by the Pennsylvania Railroad Company and the Northern Central Railway Company.

ASSETS.		LIABILITIES.	
Current assets.....	\$1,046,930.23	Capital stock.....	\$300,000.00
Deficit.....	257,032.78	Current liabilities.....	295,213.01
	<hr/>	Due other companies.....	412,500.00
		Due other companies for interest.....	295,250.00
	<hr/>		<hr/>
	1,303,963.01		1,303,963.01

Delaware, Lackawanna & Western Coal Company.

General balance sheet December 31, 1912.

ASSETS.		LIABILITIES.	
Land, trestles, and buildings.....	\$157,341.04	Capital stock.....	\$6,590,700.00
Furniture and fixtures.....	11,729.79	Accrued rentals.....	37,783.34
Coal on hand.....	1,416,280.05	Accounts payable.....	3,168,776.23
Due from agents.....	4,317,351.36	Reserve (depreciation, insurance)....	164,168.85
Bills receivable.....	434,306.40	Past due dividends.....	332.50
Accounts receivable (sundry).....	21,191.00	Dividends payable January 15.....	164,767.60
Cash on hand and in banks.....	8,191,017.93	Surplus.....	4,498,382.75
Stocks in treasury.....	75,693.60		
	<hr/>		<hr/>
	14,624,911.17		14,624,911.17

The Lehigh Coal & Navigation Company.

General balance sheet December 31, 1912.

ASSETS.		LIABILITIES.	
Lehigh & Susquehanna R. R.....	\$16,010,304.11	Capital stock.....	\$26,557,950.00
Panther Creek R. R. and equip- ment.....	1,099,113.56	Funded debt.....	21,409,333.00
Coal lands.....	4,891,231.97	Deferred and suspended accounts..	116,919.12
Coal improvements.....	7,111,753.96	Current liabilities.....	1,000,321.41
Productive work.....	648,610.00	Reserves.....	1,471,204.33
Mining equipment.....	826,726.43	Profit and loss, surplus.....	1,655,465.94
Lansford shops, power house, and equipment.....	466,373.10		
Lehigh navigation and shipping im- provements.....	2,001,517.46		
Canal and marine equipment.....	657,546.23		
Landed property and improve- ments.....	1,421,667.26		
Securities owned by company.....	10,422,195.31		
Advances made to subsidiary com- panies.....	1,065,338.33		
Mortgages, ground rents, and judg- ments.....	13,392.92		
Deferred and suspended accounts..	227,552.43		
Current assets.....	3,734,813.92		
Coal at shipping points.....	219,608.39		
Materials and supplies on hand....	477,922.81		
Prepaid insurance.....	77,951.61		
Accrued income.....	27,370.71		
Insurance fund, securities and cash.	388,639.46		
Coal sinking fund, securities and cash.....	1,082,564.77		
	<hr/> 52,871,193.73		<hr/> 52,871,193.73

This company owns the lines of railway which are operated by the Central Railroad Company of New Jersey and extend westward from the Delaware River at Phillipsburg, N. J., into the mining districts. It also owns the capital stock of the Lehigh & New England Railroad.

35 I. C. C.

TABLE II.—*Condensed income and profit and loss statement.*
CENTRAL RAILROAD COMPANY OF NEW JERSEY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.				Expenses and fixed charges.							
	Operating revenues.	Outside operations, net. ¹	Rents.	Income from securities.	Miscellaneous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscellaneous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$28,405,767	\$65,611	\$221,346	\$1,818,264	\$220,247	\$30,599,992	\$16,404,861	\$1,621,495	\$2,697,768	\$2,206,460	\$486,501	\$23,267,110
1914.....	26,887,738	10,063	131,344	1,807,026	150,320	27,986,520	15,348,779	1,602,671	2,686,120	2,229,371	260,917	21,967,588
1915.....	24,799,235	76,266	263,162	1,638,361	346,108	27,142,142	14,195,996	1,161,314	2,676,486	2,253,453	249,350	20,439,549
1916.....	23,581,611	89,779	83,768	1,618,622	2,068,260	28,138,979	13,268,468	1,174,924	2,212,057	2,276,377	249,360	19,181,161
1917.....	22,068,279	281	110,967	664,235	2,463,665	28,296,895	12,660,617	1,067,772	2,639,966	2,307,267	288,417	18,768,059
1918.....	22,614,986	697,281	305,546	822,563	68,184	24,478,500	13,161,679	1,066,726	2,462,188	2,339,617	285,945	19,385,069
1919.....	26,554,015	.....	.....	1,132,868	66,401	26,745,301	14,044,363	1,112,558	2,642,778	2,638,176	341,889	20,490,418
1920.....	28,017,491	.....	.....	1,066,181	75,647	29,159,319	12,686,899	566,710	2,468,940	2,401,171	263,968	18,468,623
1921.....	21,644,681	.....	.....	910,522	176,998	22,632,446	11,841,826	468,040	2,604,891	2,419,182	276,097	17,491,074
1922.....	20,706,307	.....	.....	907,753	205,028	21,818,663	11,802,768	478,951	2,478,714	2,401,182	383,268	17,491,074
1923.....	18,322,116	.....	.....	949,572	194,728	19,466,416	11,616,277	415,887	2,527,868	2,386,468	385,120	17,831,690

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
			(m)	(n)	(o)			(p)	(q)		(r)	(s)	(t)	(u)	(v)	(w)
1913	\$7,322,832	Per cent.	26.78	\$731,371	\$22,034,121	Per cent.	33,232,416	\$4,040,466	\$663,362	\$7,896,274	\$14,137,837
1912	6,018,632	21.94	12,519,634	41,860	10,579,656	12	3,232,416	2,000,000	317,362	5,609,778	13,090,678
1911	6,702,568	24.43	12,696,446	987,169	20,286,108	12	3,232,868	2,000,000	474,106	6,708,474	13,519,634
1910	8,957,768	32.66	10,639,487	192,111	20,099,896	12	3,232,868	2,000,000	200,672	7,498,040	12,896,246
1909	4,837,956	16.54	10,583,206	560,577	15,671,339	8	2,194,912	2,000,000	837,440	4,782,352	10,639,487
1908	5,124,441	18.67	9,579,574	626,070	15,239,395	8	2,194,912	2,000,000	551,167	4,746,079	10,583,206
1907	5,732,578	21.08	9,515,632	.....	15,298,510	8	2,194,844	2,362,062	1,161,730	5,718,638	9,579,574
1906	5,669,705	21.63	9,211,227	212,928	15,063,895	8	2,194,424	1,964,444	1,419,366	5,568,233	9,615,632
1905	5,022,423	18.26	8,736,227	.....	14,102,633	8	2,192,704	1,072,702	1,626,000	4,891,406	9,211,227
1904	4,326,204	15.78	8,736,227	350,964	13,167,065	8	2,193,464	666,146	1,569,248	4,427,863	8,736,227
1903	2,134,796	7.79	8,965,224	.....	11,097,020	8	2,192,264	.....	62,575	2,266,139	8,940,881

Deductions in italics.

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Total.		
	Amount.	Ratio to capital stock.				Rate.	Amount.				
			(m)	(n)	(o)			(p)	(q)		(r)	(s)	(t)	(u)	(v)
1913.....	\$12,090,170	Per cent.	\$8,765,980	.....	\$20,856,150	Per cent.	\$6,372,255	\$2,301,502	\$832,247	\$9,204,054	\$11,580,086
1912.....	8,135,578	10.16	9,655,987	.....	17,888,696	15	6,372,255	2,639,740	70,651	9,072,646	8,765,980
1911.....	7,603,008	18.04	11,372,906	\$44,061	19,134,171	15	5,000,000	2,353,559	1,124,625	9,478,184	9,655,987
1910.....	8,702,086	43.61	9,721,612	98,260	18,507,246	25	5,000,000	2,070,611	63,699	7,134,860	11,372,906
1909.....	6,365,268	31.88	10,162,066	82,618	16,527,334	25	5,000,000	1,905,722	.....	6,806,722	9,721,612
1908.....	7,290,878	36.45	9,816,427	.....	17,107,305	30	6,000,000	987,660	7,579	9,945,289	10,162,066
1907.....	7,892,359	39.46	9,772,002	.....	17,694,361	30	6,000,000	1,847,934	.....	9,816,427	9,816,427
1906.....	8,924,908	44.62	10,357,830	.....	19,312,438	30	6,000,000	2,539,352	1,084	9,540,436	9,772,002
1905.....	8,338,805	41.09	7,028,368	.....	15,367,173	30	6,000,000	979,643	.....	4,979,643	10,357,830
1904.....	5,490,080	27.45	5,112,103	.....	10,602,183	12	2,400,000	1,173,765	.....	3,573,765	7,028,368
1903.....	3,546,276	17.76	2,794,587	.....	6,340,863	.....	.....	1,228,760	.....	1,228,760	5,112,103

¹ Figures for this item as shown in Morgan Exhibit No. 36 have here been changed to agree with adjustments authorized in report subsequent to filing that exhibit.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

DELAWARE, LACKAWANNA & WESTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.				Expenses and fixed charges.							
	Operating revenues.	Outside operations, net.	Rents.	Income from securities.	Miscellaneous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscellaneous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$40,518,045	\$532,375	\$326,425	\$1,377,964	\$2,772,918	\$45,476,727	\$25,283,232	\$1,748,340	\$5,975,989	\$6,486	\$728,484	\$33,742,831
1912.....	35,492,527	451,264	379,781	666,979	3,331,129	40,324,380	22,994,081	2,014,640	5,644,889	6,486	29,403	30,689,479
1911.....	35,947,066	265,524	392,578	655,815	21,189	37,282,142	21,627,942	1,640,665	5,489,606	6,486	16,363	28,781,083
1910.....	36,005,988	290,672	317,116	698,811	42,233	37,335,620	19,292,769	1,516,000	5,479,456	6,486	52,272	26,346,083
1909.....	33,553,436	304,036	287,161	812,493	323,172	35,280,298	18,477,713	1,094,400	5,500,646	.....	.....	25,072,759
1908.....	33,810,254	245,165	198,591	822,944	361,328	35,438,302	19,622,043	1,290,300	5,500,860	35,531	.....	26,448,734
1907.....	34,672,807	.....	.....	829,324	3,976,453	39,375,614	18,790,270	292,051	6,475,145	211,214	148,436	26,557,116
1906.....	30,280,734	.....	.....	618,290	2,890,501	33,789,525	17,361,502	352,052	5,987,219	209,330	148,406	24,088,639
1905.....	29,889,281	.....	.....	569,705	3,431,091	33,890,077	15,814,222	347,143	5,698,798	212,890	147,160	22,220,203
1904.....	28,111,918	.....	.....	514,675	3,302,555	31,029,148	15,351,339	389,465	5,605,471	214,409	146,863	21,738,646
1903.....	25,886,566	.....	.....	322,552	3,126,435	29,325,553	14,263,730	327,899	5,599,023	214,409	146,889	20,541,920

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.		
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.	
	Amount.	Ratio to capital stock.				Rate.	Amount.					
												(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)
	Per cent.	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)		(u)	(v)	(w)
1913	\$11,794,196	38.93	\$20,494,366	\$2,324,643	\$40,543,285	Per cent.	\$6,028,800	\$1,951,964	\$403,927	\$8,454,711	\$32,088,574	
1912	9,634,901	31.82	35,362,685	27,264	45,024,840	55	16,579,200	1,763,875	197,260	18,540,440	26,484,398	
1911	8,531,050	28.18	22,072,279	3,370,656	43,973,965	20	6,028,800	2,554,375	26,126	8,611,200	35,362,685	
1910	10,968,637	36.29	39,819,591	6,841,190	87,649,418	85	23,068,788	2,471,020	47,333	25,577,139	32,072,279	
1909	10,207,539	38.96	31,922,627	4,651,068	46,781,224	20	5,240,000	1,676,375	45,268	6,961,643	39,819,591	
1908	8,989,568	34.31	26,274,901	3,614,063	40,578,533	20	5,240,000	1,540,320	175,785	8,965,005	31,922,627	
1907	13,488,468	51.48	24,777,404	.....	38,265,902	20	5,240,000	4,651,019	96,352	9,991,001	28,274,901
1906	9,700,966	37.03	26,467,140	.....	35,158,126	20	5,240,000	5,087,498	53,296	10,890,722	24,777,404
1905	11,669,874	44.54	22,583,928	11	34,283,813	184	4,847,000	8,446,719	802,964	8,796,673	26,467,140	
1904	10,190,602	38.89	18,060,979	749	26,832,380	7	1,834,000	3,029,106	805,296	6,268,402	22,583,928	
1903	8,783,633	33.52	15,470,660	.....	24,264,268	7	1,834,000	3,748,148	11,166	5,593,314	18,060,979

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

DELAWARE & HUDSON COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Rents. (c)	Income from securities. (d)	Miscellaneous. ² (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$23,999,532	\$72,533	\$490,174	\$1,602,904	\$1,245,376	\$27,264,393	\$14,656,690	\$606,933	\$2,297,933	\$2,536,263	\$183,100	\$20,285,854
1912.....	21,242,929	31,774	359,346	1,796,067	83,510	23,513,646	12,969,950	604,500	2,303,128	2,544,453	32,966	18,452,002
1911.....	20,986,075	5,163	396,236	1,222,112	654,184	23,257,424	12,717,796	543,367	2,260,390	2,478,529	30,457	19,030,569
1910.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1909.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1908.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1907.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1906.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1905.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1904.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1903.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.		
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.	
	Amount.	Ratio to capital stock.				Rate.	Amount.					
			(m)	(n)	(o)			(p)	(q)		(r)	(s)	(t)	(u)	(v)
1913	86,978,539	Per cent.	\$11,864,777	\$922,608	\$19,325,324	Per cent.	9	\$3,825,224		\$30,170	\$3,855,404	\$15,469,920
1912	5,061,644	16.43	10,167,589	33,119	15,252,332	9	3,825,224			42,841	3,868,075	11,864,377
1911	5,226,855	12.80	9,223,368	76,292	14,626,545	9	3,825,189			543,767	4,368,946	10,157,689
1910												
1909												
1908												
1907												
1906												
1905												
1904												
1903												

¹ Deducts in italic.

² Net operations of coal mining department is included: \$906,773 net income in 1913; \$268,176 net loss in 1912; \$62,494 net loss in 1911; after taxes are deducted, \$364,003, \$100,890, and \$235,068, respectively.

TABLE II.—Condensed income and profit and loss statement—Continued.

LEHIGH VALLEY RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues.	Outside operations, net. ¹	Rents.	Income from securities.	Miscella- neous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscella- neous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$43,048,372	\$890,210	\$705,276	\$1,430,442	\$532,041	\$45,448,931	\$39,107,890	\$1,447,906	\$2,219,799	\$3,137,300	\$184,909	\$25,087,098
1914.....	36,905,935	897,539	388,357	1,431,321	663,374	39,048,948	34,790,360	1,097,733	3,101,452	3,107,033	158,813	\$2,384,539
1915.....	37,637,403	590,170	333,082	965,094	531,093	39,248,477	33,407,318	800,166	3,039,320	3,306,368	237,359	\$2,840,350
1916.....	36,167,398	146,533	409,014	779,058	282,682	37,491,819	31,684,147	773,469	3,637,163	3,604,480	365,728	\$2,497,996
1917.....	33,137,832	185,238	292,630	667,057	305,185	34,249,446	29,678,786	780,494	3,899,115	3,800,964	349,334	\$4,405,043
1918.....	35,510,154	215,590	509,581	886,542	336,366	37,139,333	32,908,705	880,861	3,705,356	3,766,331	373,934	\$2,788,059
1919.....	36,068,432	.....	.....	524,961	420,177	37,013,570	32,074,383	600,801	3,347,353	3,600,590	177,730	\$2,930,037
1920.....	32,796,857	.....	.....	448,780	360,072	33,698,709	29,112,811	468,849	3,485,386	3,306,590	178,033	\$2,676,664
1921.....	31,275,843	.....	.....	237,819	228,191	31,738,953	18,889,701	538,033	3,410,967	3,690,649	180,104	\$4,094,414
1922.....	29,581,738	.....	.....	230,731	242,066	30,335,126	18,830,801	471,363	3,402,806	3,765,861	174,643	\$4,094,378
1923.....	26,684,503	.....	.....	528,054	328,063	27,505,860	18,940,180	269,956	3,787,358	3,777,676	264,433	\$4,136,008

Year ended June 30—	Gross surplus.			Deductions from surplus.										Net surplus at end of year.
	Net income for year.		Surplus at beginning of year. ¹	Miscellaneous credits.	Total.	Dividends declared.				Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.		
	Amount.	Ratio to capital stock.				Preferred stock.		Common stock.						
						Rate.	Amount.	Rate.	Amount.					
													(r)		(s)	(t')	(t')
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t')	(t')	(t)	(u)	(v)	(w)		
1913	\$2,761,223	14.46	\$23,444,703	\$105,784	\$22,312,315	Per cent.	10	\$10,630	\$6,050,170	\$1,185,294	\$7,245,064	\$25,066,231		
1912	6,813,020	11.24	30,330,647	2,967,997	40,101,664	10	28,575	25	15,123,390	1,164,032	16,656,961	23,444,703		
1911	8,408,147	13.87	27,219,780	1,085,545	36,713,472	10	10,630	8	4,235,104	940,549	6,382,526	30,330,647		
1910	8,023,821	19.84	19,212,252	3,665,003	30,891,076	10	10,630	6	2,420,073	396,716	3,071,296	37,219,780		
1909	6,845,803	14.45	16,516,905	16,315	22,377,023	10	10,630	6	2,420,073	582,643	3,164,771	19,212,252		
1908	7,870,574	18.23	14,009,283	62,074	21,441,831	10	10,630	6	2,420,073	719,059	4,925,026	16,516,905		
1907	8,065,543	20.01	11,380,915	2,659	19,477,117	10	10,630	6	2,016,740	6,200	6,467,834	14,009,283		
1906	7,021,811	17.36	8,657,325	10,028	15,686,164	10	10,630	4	1,613,392	114,000	4,206,249	11,380,915		
1905	6,804,439	16.82	6,914,797	19,629	12,738,865	15	15,945	3	1,210,044	1,444,000	4,081,540	8,657,325		
1904	6,720,850	14.15	1,620,652	38,555	7,380,067	15	15,945	3	1,210,044	1,465,290	1,465,290	6,914,797		
1903	2,377,348	5.88	5,373,147	3,881,763	2,886,864	.....	.....	.....	.....	1,266,182	1,266,182	1,620,652

¹ Deducts in italics.

² Includes \$116,674 of cumulative dividend charged to profit and loss, in addition to regular 10 per cent dividend of \$10,630.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.	
	Amount.	Ratio to capital stock.				Rate.	Amount.				
	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)		(w)
1913	\$40,854,475	Per cent.	\$26,265,477	\$655,428	\$67,775,380	Per cent.	\$27,198,919	\$9,439,669	\$2,509,065	\$39,147,683	\$28,637,727
1912	37,503,531	8.26	27,210,027	834,630	65,645,188	6	27,186,165	7,269,215	4,867,331	39,282,711	26,265,477
1911	34,683,023	7.69	29,879,203	669,362	65,131,888	6	24,746,866	10,324,523	2,840,172	37,921,561	27,210,027
1910	40,049,135	9.71	26,690,905	26,116,160	91,856,200	6	21,746,166	16,743,789	24,457,042	61,976,997	29,879,203
1909	19,964,311	6.84	24,725,484	1,134,711	45,814,506	6	18,876,075	.....	1,247,526	20,123,601	26,690,905
1908	25,066,741	7.97	24,725,484	3,583,125	53,375,350	6½	20,439,491	.....	8,210,375	28,649,866	24,725,484
1907	21,609,775	6.68	24,477,405	20,648,942	66,736,123	7	21,609,775	.....	20,400,864	42,010,639	24,725,484
1906	22,622,065	7.40	21,506,245	.....	65,652,408	6	18,242,068	.....	12,832,984	31,075,052	24,477,405
1905	19,041,761	6.29	22,900,020	.....	41,941,781	6	18,077,106	.....	2,358,480	20,436,586	21,506,245
1904	12,364,433	4.17	36,979,019	11,819,347	61,162,799	6	17,556,009	.....	20,706,770	38,262,779	22,900,020
1903	11,827,289	5.24	26,830,169	8,884,235	49,241,693	6	12,262,674	.....	.....	12,262,674	36,979,019

¹ Deficits in italics.

² Based on answers to the Commission's circular dated October 4, 1913, in Docket 4914, Anthracite Coal Investigation.

NOTE.—No attempt has been made to adjust variations in the classification of certain items from year to year caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*
 PHILADELPHIA & READING RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.						Expenses and fixed charges.					Total. (l)
	Operating revenues. (a)	Outside operations, net. (b)	Rents. (c)	Income from securities. (d)	Miscella- neous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscella- neous. (k)	
1912.....	\$30,562,717	\$411,432	\$778,899	.....	\$102,737	\$31,355,785	\$30,547,341	\$1,300,478	\$5,407,182	\$1,999,470	\$11,144	\$39,265,615
1913.....	44,556,815	305,161	138,903	.....	100,374	45,101,253	28,516,878	512,896	5,474,195	2,003,357	455,019	36,922,675
1914.....	44,446,189	325,794	143,478	86,999	46,495	44,967,955	27,675,842	656,472	5,208,741	3,155,405	608,490	37,304,950
1915.....	44,283,708	259,453	199,999	7,130	146,443	44,896,733	26,553,618	579,345	5,245,008	3,348,905	456,833	36,183,697
1916.....	39,080,224	363,700	42,299	55,264	274,711	39,796,298	23,825,679	430,000	5,264,756	3,349,809	560,696	33,430,940
1917.....	39,878,882	883,596	117,590	141,759	172,106	41,153,933	25,458,296	380,660	4,593,978	3,349,629	90,592	33,873,056
1918.....	42,545,882	.....	.....	99,166	922,398	43,567,446	25,889,331	439,391	3,630,420	3,326,687	2,889,258	35,675,087
1919.....	39,579,811	.....	.....	87,453	940,886	40,698,149	24,137,172	357,723	3,556,581	3,326,687	2,805,078	31,683,241
1920.....	36,845,608	.....	.....	4,500	686,047	37,536,155	19,480,350	267,709	3,611,945	3,326,687	2,510,969	29,197,860
1921.....	34,279,025	.....	.....	10,400	686,906	34,975,331	19,813,929	282,961	3,696,876	3,326,687	2,482,848	29,498,301
1922.....	31,745,071	.....	.....	2,626	721,267	32,468,963	19,092,084	252,454	3,670,763	3,326,687	2,600,969	28,922,687

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.												
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.											
	Amount.	Ratio to capital stock.				Rate.	Amount.															
												(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	
1913.....	\$12,090,170	28.46	\$6,765,990	.....	\$20,856,180	Per cent.	\$6,372,255	\$2,391,592	\$332,247	\$9,296,094	\$11,590,086										
1912.....	8,138,578	19.16	9,655,967	.....	17,838,026	15	6,372,255	2,639,740	70,651	9,072,646	8,765,960										
1911.....	7,603,006	18.04	11,372,906	\$44,061	19,134,171	25	5,000,000	2,853,559	1,124,625	9,478,184	9,685,967											
1910.....	8,703,086	43.51	9,721,612	98,290	18,507,266	25	5,000,000	2,070,611	63,699	7,134,800	11,372,906											
1909.....	9,365,263	31.58	10,162,065	82,618	16,527,334	25	5,000,000	1,905,722	.....	6,805,723	9,721,612										
1908.....	7,290,878	26.43	9,816,477	.....	17,107,305	30	6,000,000	1,937,660	7,579	6,945,289	10,162,065										
1907.....	7,892,359	39.46	9,772,002	.....	17,664,361	30	6,000,000	1,847,934	.....	7,847,934	9,816,477									
1906.....	8,924,908	44.02	10,367,530	.....	19,312,458	30	6,000,000	2,539,352	1,084	9,540,436	9,816,477										
1905.....	8,338,805	41.09	7,028,368	.....	16,367,178	30	6,000,000	3,039,543	.....	4,979,643	10,367,530									
1904.....	5,490,080	27.45	5,112,105	.....	10,602,133	12	2,400,000	1,173,765	.....	3,573,765	7,028,368									
1903.....	3,546,276	17.73	2,794,657	.....	6,340,863	.....	.....	1,228,760	.....	1,228,760	5,112,103							

¹ Figures for this item as shown in Morgan Exhibit No. 36 have here been changed to agree with adjustments authorized in report subsequent to filing that exhibit.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
1913	\$11,724,196	Per cent.	\$28,484,395	\$2,324,643	\$40,543,235	Per cent.	\$5,028,900	\$1,991,964	\$463,927	\$8,484,711	\$32,088,524
1912	9,634,001	31.62	35,362,685	27,264	45,024,840	55	16,570,200	1,763,875	197,360	18,540,444	26,484,366
1911	8,531,080	28.18	32,072,779	3,370,656	45,973,985	55	6,028,800	2,554,375	28,126	8,611,300	36,862,683
1910	10,985,537	36.29	39,819,591	6,841,190	57,649,418	65	25,038,798	2,471,020	47,333	26,577,139	32,072,779
1909	10,207,539	33.96	31,922,627	4,651,063	46,781,254	20	5,240,000	1,676,375	45,268	6,961,643	39,819,591
1908	8,989,563	34.31	28,277,901	3,614,063	40,873,832	20	5,240,000	3,540,120	175,785	8,965,905	31,922,627
1907	13,498,498	51.48	26,457,140	.....	38,265,902	20	5,240,000	4,561,619	99,352	9,991,001	28,277,901
1906	9,700,986	37.03	22,683,028	.....	35,158,126	20	5,240,000	5,087,488	83,236	10,398,723	24,777,404
1905	11,690,874	44.54	22,683,028	11	34,283,813	134	4,847,000	3,446,719	502,954	5,396,672	26,457,140
1904	10,190,602	38.80	18,660,979	749	28,862,380	7	1,834,000	3,623,166	806,236	6,268,402	22,885,298
1903	8,783,633	33.52	15,470,660	.....	24,264,268	7	1,834,000	3,748,148	11,166	5,593,314	18,660,979

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—Condensed income and profit and loss statement—Continued.

DELAWARE & HUDSON COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

[illegible]

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.		
	Amount.	Ratio to capital stock.				Rate.	Amount.					
			(m)	(n)	(o)			(p)	(q)	(r)		(s)	(t)	(u)	(v)	(w)
1913	\$6,978,539	Per cent.	\$11,884,277	\$902,608	\$19,325,224	9	\$3,855,284			\$30,170	\$3,885,404	\$15,498,920
1912	5,051,644	16.42	10,187,889	33,119	16,252,332	9	3,855,284			42,841	3,898,076	11,354,277
1911	5,226,865	11.91	9,222,368	76,292	14,528,545	9	3,855,189			545,767	4,398,956	10,157,589
1910		12.80										
1909												
1908												
1907												
1906												
1905												
1904												
1903												

¹ Deducts in italics.

² Net operations of coal mining department is included: \$998,773 net income in 1913; \$268,176 net loss in 1912; \$62,494 net loss in 1911; after taxes are deducted, \$364,033, \$180,980, and \$23,565, respectively.

Year ended June 30—	Gross surplus.			Deductions from surplus.							Net surplus at end of year.		
	Net income for year.		Surplus at beginning of year. ¹	Miscellaneous credits.	Total.	Dividends declared.			Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.	
	Amount.	Ratio to capital stock.				Preferred stock.		Common stock.					
						Rate.	Amount.	Rate.					Amount.
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t')	(t'')	(t)	(u)	(v)	(w)	
1913.....	\$8,761,828	14.46	\$23,444,703	\$105,784	\$23,312,315	Per cent.	\$10,680	Per cent.	\$6,050,170	\$1,185,284	\$7,246,084	\$28,068,231	
1912.....	6,813,020	11.24	30,330,647	2,957,997	40,101,664	10	26,575	25	15,123,390	1,164,082	16,656,961	23,444,703	
1911.....	8,406,147	13.87	27,219,780	1,085,645	36,713,472	10	10,680	8	4,235,104	1,156,542	6,382,625	30,330,647	
1910.....	8,023,821	19.84	19,312,252	3,655,003	30,891,076	10	10,680	6	2,420,073	843,877	3,671,296	27,219,780	
1909.....	5,843,803	14.45	16,516,905	16,315	22,377,023	10	10,680	6	2,420,073	386,716	3,164,771	19,212,252	
1908.....	7,370,574	18.23	14,009,283	62,074	21,441,931	10	10,680	6	2,420,073	151,425	4,925,026	16,516,905	
1907.....	8,068,548	20.01	11,380,915	2,659	19,477,117	.....	127,304	5	2,016,740	719,059	5,467,834	14,009,283
1906.....	7,021,811	17.36	8,657,325	10,028	15,689,164	10	10,680	4	1,613,392	3,318,590	4,806,249	11,380,915	
1905.....	6,804,439	16.82	5,914,797	19,629	12,738,865	15	15,946	3	1,210,044	1,444,000	4,061,640	8,657,325	
1904.....	6,720,850	14.15	1,620,652	38,555	7,380,087	.....	.....	.....	.....	.....	1,465,290	5,914,797
1903.....	2,377,248	5.88	5,378,147	3,881,763	2,886,864	.....	.....	.....	.....	.....	1,266,182	1,620,652

¹ Deficits in italics.

² Includes \$16,574 of cumulative dividend charged to profit and loss, in addition to regular 10 per cent dividend of \$10,680.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
1913	\$40,854,475	Per cent.	\$28,245,477	\$655,428	\$27,776,390	Per cent.	\$27,198,919	\$9,439,669	\$2,509,065	\$39,147,653	\$28,637,727
1912	37,503,531	8.26	27,210,027	834,630	65,645,188	6	27,186,165	7,259,215	4,867,331	39,283,711	26,266,477
1911	34,683,023	7.69	26,879,203	669,362	65,121,588	6	24,746,866	10,324,523	2,840,172	37,921,561	27,210,027
1910	40,040,135	9.71	26,690,905	26,116,160	91,856,200	6	21,746,166	15,743,789	24,487,042	61,976,967	29,879,203
1909	19,954,311	6.24	24,728,484	1,124,711	45,814,505	6	18,876,075	.....	1,247,526	20,123,601	26,690,905
1908	25,066,741	7.97	24,728,484	3,583,125	53,375,350	6½	20,439,491	.....	8,210,375	28,649,866	24,728,484
1907	21,609,775	6.08	24,477,405	20,648,942	66,736,123	7	21,609,775	.....	20,400,864	42,010,639	24,728,484
1906	22,622,065	7.40	21,506,245	11,424,068	55,552,408	6	18,242,068	.....	12,532,984	31,075,002	24,477,405
1905	19,041,761	6.29	22,000,020	.....	41,941,761	6	18,077,106	.....	2,338,480	20,415,586	21,506,245
1904	12,364,433	4.17	36,979,019	11,819,247	61,102,799	6	17,536,009	.....	20,706,770	38,262,779	22,900,020
1903	11,827,269	5.24	26,530,169	8,884,235	49,241,693	6	12,262,674	.....	.....	12,262,674	36,979,019

¹ Deficits in italics.

² Based on answers to the Commission's circular dated October 4, 1913, in Docket 4914, Anthracite Coal Investigation.

NOTE.—No attempt has been made to adjust variations in the classification of certain items from year to year caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

NORTHERN CENTRAL RAILWAY COMPANY.

(Based on data in annual reports to the Interstate Commerce Commission.)

Year ended June 30—	Income.						Expenses and fixed charges.					
	Income.						Expenses and fixed charges.					
	Operating revenues. (a)	Outside operations, net. (b)	Rents. (c)	Income from securities. (d)	Miscellaneous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$13,234,943	\$6,194	\$338,274	\$632,834	\$289,932	\$14,947,177	\$11,368,579	\$497,614	\$653,418	\$363,393	\$119,695	\$13,002,699
1914.....	12,648,667	5,726	449,261	929,364	169,698	14,102,716	10,911,937	485,929	791,314	369,040	70,161	12,601,281
1915.....	12,898,160	6,334	496,256	912,335	130,894	14,408,969	11,033,677	407,693	819,556	372,989	105,430	12,739,345
1916.....	12,732,681	7,972	478,976	965,025	110,660	14,263,214	9,988,986	374,753	804,912	376,683	91,287	11,635,661
1917.....	11,634,905	7,043	299,785	905,968	265,222	13,000,923	9,070,141	310,852	817,242	354,721	157,473	10,710,429
1918.....	12,822,307	.....	593,271	903,306	126,997	13,854,881	9,665,464	284,636	917,000	347,315	146,713	11,361,148
1919.....	12,712,474	.....	.....	942,964	43,706	13,699,144	9,915,374	255,868	440,065	347,315	61,954	11,020,596
1920.....	11,308,077	.....	.....	825,189	46,675	12,179,941	8,439,497	396,042	465,965	347,315	28,937	9,677,766
1921.....	10,396,763	.....	.....	709,481	55,183	11,160,396	8,235,671	72,820	347,445	347,315	22,599	9,025,859
1922.....	10,146,494	.....	.....	682,227	72,363	10,903,184	7,965,352	150,900	460,285	479,195	182,770	9,238,611
1923.....	9,404,801	.....	.....	686,555	10,828	10,051,984	7,086,186	166,777	482,275	490,955	82,362	8,261,555

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.			Provisions for additions and betterments, new lines, etc.	Total.		
	Amount.	Ratio to capital stock.				Rate.	Amount.					
								(m)				(n)	(r)	(s)	(t)	(u)	(v)
1913.....	\$1,944,478	Per cent. 10.06	\$9,318,777	\$30,362	\$11,208,567	Per cent. 8	\$1,547,400	\$250,689	\$137,086	\$1,935,176	\$9,368,392	
1912.....	1,601,335	7.76	9,721,203	27,885	11,260,423	8	1,547,400	268,474	90,822	1,901,696	9,318,777	
1911.....	1,641,624	8.61	9,772,152	24,413	11,461,189	8	1,547,400	173,022	19,664	1,739,986	9,721,203	
1910.....	2,641,553	13.69	2,971,694	6,722,883	12,342,030	8	1,547,400	1,022,478	.....	2,599,878	9,772,152
1909.....	2,300,494	11.84	2,695,771	2,268	5,213,483	8	1,547,400	600,000	94,489	2,241,889	2,971,694	
1908.....	2,463,723	12.89	2,225,543	248,793	4,998,089	8	1,547,338	800,000	.....	2,047,338	2,920,721
1907.....	2,678,548	13.85	3,967,377	800,680	6,636,605	20 1/2	3,610,479	1,100,583	.....	4,711,063	3,226,543
1906.....	2,602,185	14.55	3,624,520	133,641	6,160,566	8	1,375,468	827,721	.....	2,203,189	3,967,377
1905.....	2,154,527	12.42	3,628,323	1,667,451	7,330,301	8	1,375,468	2,430,013	.....	3,806,481	3,634,820
1904.....	1,664,673	14.52	3,660,371	.....	5,355,044	8	916,980	908,484	1,267	1,826,721	3,628,323
1903.....	1,770,429	15.45	3,662,822	18,452	5,481,503	8	916,980	700,000	174,153	1,791,133	3,660,371	

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

DELAWARE & HUDSON COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Rents. (c)	Income from securities. (d)	Miscellaneous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$23,999,532	\$72,593	\$489,174	\$1,402,904	\$1,245,376	\$27,264,383	\$14,656,690	\$905,938	\$2,297,968	\$2,536,253	\$183,100	\$20,285,854
1912.....	21,242,929	31,774	359,246	1,796,087	83,510	23,513,646	12,996,950	604,500	2,305,128	2,544,453	32,966	18,452,002
1911.....	20,986,075	5,183	398,236	1,222,112	654,184	23,257,424	12,717,796	543,367	2,260,390	2,478,529	30,487	18,030,569
1910.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1909.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1908.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1907.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1906.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1905.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1904.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1903.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.				
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.					
	Amount.	Ratio to capital stock.				Rate.	Amount.								
			(m)	(n)	(o)			(p)	(q)	(r)		(s)	(t)	(u)	(v)
			(w)												
1913	\$6,978,539	Per cent.	\$11,884,277	\$962,508	\$19,325,224	Per cent.	\$3,835,234		\$30,170	\$3,865,404	\$15,499,920				
1912	5,061,644	16.43	10,157,599	33,119	15,252,332	9	3,835,234		42,841	3,878,075	11,384,277				
1911	5,226,865	11.91	9,223,398	76,292	14,526,545	9	3,835,189		543,767	4,378,956	10,157,599				
1910		12.80													
1909															
1908															
1907															
1906															
1905															
1904															
1903															

¹ Deficits in *italics*.

² Net operations of coal mining department is included: \$904,773 net income in 1913; \$268,175 net loss in 1912; \$62,404 net loss in 1911; after taxes are deducted, \$364,003, \$100,590, and \$329,595, respectively.

TABLE II.—Condensed income and profit and loss statement—Continued.

LEHIGH VALLEY RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.						Expenses and fixed charges.					Total.
	Operating revenues.	Outside operations, net. ¹	Rents.	Income from securities.	Miscellaneous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscellaneous.	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$43,043,372	\$280,810	\$703,276	31,430,443	\$332,041	\$45,448,921	\$29,107,890	\$1,447,205	\$2,319,799	\$3,127,360	\$184,909	\$36,687,068
1912.....	36,905,035	297,259	338,837	1,451,821	693,574	39,048,948	24,720,250	1,087,788	3,101,492	3,167,635	153,813	32,235,928
1911.....	37,687,408	320,170	335,083	965,094	631,068	39,248,477	23,407,318	800,195	3,069,220	3,806,268	237,329	30,840,380
1910.....	36,167,398	146,553	409,014	779,068	232,682	37,491,819	21,684,147	773,469	2,837,168	3,806,436	266,783	30,467,968
1909.....	33,137,832	163,233	292,630	667,087	305,185	34,249,446	20,575,736	780,494	2,869,115	3,800,964	349,334	28,405,643
1908.....	35,510,154	216,590	509,581	586,543	336,366	37,190,233	22,203,705	860,331	2,705,356	3,765,251	372,086	30,788,659
1907.....	36,068,432	.....	.....	524,961	490,177	37,013,570	22,074,253	660,301	2,347,238	3,660,295	177,725	28,920,027
1906.....	32,789,857	.....	.....	493,780	350,073	33,598,709	20,112,211	468,949	2,455,286	3,866,920	172,632	26,576,898
1905.....	31,276,843	.....	.....	227,819	225,191	31,726,853	18,899,701	538,933	2,410,967	3,865,649	189,164	24,924,414
1904.....	29,851,738	.....	.....	230,731	242,666	30,355,125	18,830,301	471,263	2,402,306	2,765,861	174,645	24,634,276
1903.....	26,064,408	.....	.....	523,654	338,663	27,506,860	18,940,180	286,996	2,737,328	2,777,676	394,423	26,136,602

Year ended June 30—	Gross surplus.			Deductions from surplus.										Net surplus at end of year.
	Net income for year.		Surplus at beginning of year. ¹	Miscellaneous credits.	Total.	Dividends declared.				Provisions for additions and retirements, new lines, etc.	Miscellaneous deductions.	Total.		
	Amount.	Ratio to capital stock.				Preferred stock.		Common stock.						
						Rate.	Amount.	Rate.	Amount.					
													(r)		(s)	(r')	(s')
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(r')	(s')	(t)	(u)	(v)	(w)		
		Per cent.				Per cent.		Per cent.						
1913.....	88,761,828	14.46	\$22,444,703	\$105,784	\$22,512,315	10	\$10,680	10	\$6,080,170	\$340,944	\$1,185,284	\$7,246,084	\$25,068,281	
1912.....	6,813,020	11.24	30,330,647	2,967,997	40,101,664	25	28,578	25	15,123,390	980,540	1,164,032	16,606,961	23,444,703	
1911.....	8,408,147	13.87	27,219,780	1,085,545	36,713,472	10	10,680	8	4,235,104	843,877	1,186,542	6,382,826	30,330,647	
1910.....	8,023,821	19.84	19,212,252	3,665,003	30,891,076	10	10,680	6	2,420,073	843,877	396,716	3,671,296	37,219,780	
1909.....	9,843,903	14.45	16,516,905	16,315	22,877,023	10	10,680	6	2,420,073	582,543	151,425	3,164,771	19,212,252	
1908.....	7,870,574	18.23	14,009,283	62,074	21,441,831	10	10,680	6	2,420,073	1,775,264	719,039	6,426,026	16,516,905	
1907.....	8,063,543	20.01	11,880,915	2,659	19,477,117	.....	127,304	6	2,016,740	3,318,990	5,200	6,467,884	14,009,283
1906.....	7,021,811	17.36	8,637,325	10,028	18,689,164	.....	10,680	4	1,613,392	2,570,227	114,000	6,308,249	11,880,915
1905.....	6,804,499	16.82	6,914,797	19,629	12,738,865	.....	10,680	4	1,613,392	1,411,551	1,444,000	4,081,640	8,637,325
1904.....	6,720,860	14.15	1,620,652	38,655	7,380,087	15	15,945	3	1,210,044	1,465,290	1,465,290	1,465,290	5,914,797	
1903.....	2,377,248	5.88	5,372,147	3,881,763	2,886,864	.....	.....	.....	.....	1,266,182	.....	1,266,182	1,620,652

¹ Deficits in italics.

² Includes \$116,574 of cumulative dividend charged to profit and loss, in addition to regular 10 per cent dividend of \$10,680.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
	Per cent.				Per cent.						
1913.....	\$40,854,475	8.26	\$25,263,477	\$655,428	\$67,776,380	.....	\$27,198,919	\$9,439,669	\$2,509,065	\$39,147,653	\$28,627,727
1912.....	37,503,531	7.69	27,210,027	824,530	65,648,188	6	27,156,165	7,269,215	4,867,331	36,253,711	26,245,477
1911.....	34,683,023	7.49	26,579,203	569,262	65,131,688	6	24,746,866	10,324,523	2,840,172	37,921,561	27,210,027
1910.....	40,049,135	9.71	26,690,905	26,116,160	91,856,206	6	21,746,166	15,743,789	24,487,043	61,976,967	29,879,203
1909.....	19,954,311	6.34	24,725,484	1,124,711	45,814,506	6	18,876,075	.....	1,247,526	20,123,601	26,690,905
1908.....	25,066,741	7.97	24,725,484	3,583,125	53,375,350	6½	20,439,491	.....	8,210,375	28,649,866	24,725,484
1907.....	25,066,741	7.97	24,725,484	3,583,125	53,375,350	6½	20,439,491	.....	8,210,375	28,649,866	24,725,484
1906.....	22,622,065	6.08	24,477,406	20,648,943	66,786,123	7	21,609,775	.....	20,400,864	42,010,639	24,725,484
1905.....	22,622,065	7.40	21,505,245	.....	55,552,408	.....	18,242,068	.....	12,832,984	31,075,052	24,477,406
1904.....	19,041,761	6.26	22,900,020	.....	41,941,781	6	18,077,106	.....	2,838,480	30,435,536	21,505,245
1903.....	12,364,433	4.17	26,979,019	.....	61,162,799	6	17,556,009	.....	20,706,770	38,262,779	22,900,020
1902.....	11,827,289	5.24	26,530,169	11,819,347	49,241,693	6	12,262,674	.....	.....	12,262,674	36,979,019
				8,884,235							

¹ Deducts in italics.

² Based on answers to the Commission's circular dated October 4, 1913, in Docket 4914, Anthracite Coal Investigation.

NOTE.—No attempt has been made to adjust variations in the classification of certain items from year to year caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

NORTHERN CENTRAL RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. (b)	Rents. (c)	Income from securities. (d)	Miscella- neous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscella- neous. (k)	Total. (l)
1913.....	\$13,324,943	86,104	\$383,274	\$932,534	\$239,932	\$14,947,177	\$11,368,579	\$497,614	\$653,418	\$363,363	\$119,995	\$13,002,699
1914.....	12,548,667	5,726	449,261	929,364	169,096	14,102,716	10,911,937	458,929	791,314	369,040	70,161	12,601,381
1915.....	12,668,160	6,334	466,256	912,335	130,894	14,403,949	11,033,677	407,763	819,556	372,989	105,430	12,739,345
1916.....	12,752,681	7,972	473,976	968,026	110,560	14,283,214	11,088,996	374,783	804,912	376,683	91,287	11,635,661
1917.....	11,834,906	7,043	299,785	903,968	265,222	13,000,623	9,070,141	310,852	917,242	384,721	157,473	10,710,428
1918.....	12,322,307	.....	553,271	903,306	126,997	13,854,881	9,665,494	284,636	917,000	347,315	146,713	11,361,149
1919.....	12,712,474	.....	.....	942,964	43,706	13,699,144	9,915,374	265,888	440,065	347,315	61,954	11,020,596
1920.....	11,308,077	.....	.....	825,189	46,675	12,179,349	8,435,497	396,042	465,945	347,315	28,937	9,677,766
1921.....	10,308,753	.....	.....	709,481	55,183	11,100,386	8,231,671	72,839	347,445	347,315	29,599	9,026,869
1922.....	10,146,494	.....	.....	682,327	72,363	10,903,184	7,965,352	150,909	460,285	470,105	182,770	9,238,511
1923.....	9,404,301	.....	.....	686,555	10,828	10,051,984	7,086,186	169,777	452,275	490,955	82,362	8,231,555

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)		(v)	(w)
1913.....	\$1,944,478	Per cent. 10.06	\$9,318,777	\$30,362	\$11,293,567	Per cent. 8	\$1,547,400	\$250,699	\$137,086	\$1,935,175	\$9,348,392
1912.....	1,501,335	7.76	9,721,203	27,895	11,250,423	8	1,547,400	268,474	90,522	1,931,696	9,318,777
1911.....	1,064,024	8.61	9,772,152	24,413	11,461,189	8	1,547,400	173,022	19,564	1,739,986	9,721,203
1910.....	2,647,553	13.69	2,971,694	6,722,853	12,342,030	8	1,547,400	1,022,478	.....	2,569,878	9,772,152
1909.....	2,200,494	11.84	2,920,721	2,268	5,213,483	8	1,547,400	800,000	94,489	2,241,889	2,971,694
1908.....	2,463,723	12.89	2,226,548	245,753	4,998,069	8	1,547,338	500,000	.....	2,047,338	2,226,548
1907.....	2,678,548	13.85	3,957,377	300,680	6,936,605	20 1/2	3,610,479	1,100,583	.....	4,711,062	2,920,721
1906.....	2,502,185	14.55	8,524,820	133,641	6,190,566	8	1,375,468	827,721	.....	2,203,189	2,226,548
1905.....	2,134,527	12.42	8,528,323	1,667,441	7,330,301	8	1,875,468	2,430,013	.....	3,905,481	3,957,377
1904.....	1,064,673	14.52	3,690,371	.....	5,355,044	8	916,960	908,494	1,267	1,826,721	3,528,323
1903.....	1,770,429	15.45	3,692,622	18,452	5,481,503	8	916,960	700,000	174,152	1,791,132	3,690,371

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement*—Continued.

ERIE RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues.	Outside operations, net. ¹	Rents.	Income from securities.	Miscella- neous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscella- neous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913 ²	\$53,971,813	\$314,269	\$922,925	\$3,049,231	\$2,127,016	\$59,526,686	\$35,379,385	\$1,768,395	\$3,391,324	\$9,341,395	\$1,919,818	\$51,900,318
1912 ²	48,438,066	265,960	688,717	1,848,884	1,355,576	52,126,912	33,022,292	1,652,559	3,470,185	9,041,997	1,700,736	48,897,789
1911 ²	48,528,283	176,178	566,617	1,550,906	1,104,152	51,571,791	31,514,033	1,244,667	2,212,274	9,933,613	1,267,446	46,192,689
1910 ²	46,678,552	235,536	539,559	2,041,911	1,135,792	50,160,533	30,370,366	1,240,057	2,101,152	10,088,592	1,574,406	44,373,593
1909 ²	43,224,980	85,566	512,950	1,151,660	1,085,925	46,060,893	29,037,614	1,235,766	1,746,129	9,912,423	1,195,509	43,127,441
1908 ²	42,569,731	296,073	519,349	1,691,171	49,464	44,564,842	32,701,775	929,228	1,460,571	9,469,464	1,635,491	43,196,529
1907 ²	49,495,480	.....	.....	555,620	1,555,511	51,516,611	32,184,454	1,282,558	1,108,742	9,555,650	1,578,171	45,709,575
1906 ²	45,673,746	.....	.....	395,015	1,692,210	47,760,971	31,185,031	876,454	1,112,267	9,047,678	661,247	42,875,667
1905 ²	41,963,546	.....	.....	291,628	2,392,417	44,557,591	28,910,368	845,493	1,115,807	8,557,377	779,918	40,208,963
1904 ²	41,298,122	.....	.....	269,444	2,023,426	43,576,992	28,423,436	539,900	1,127,404	8,276,682	391,972	39,085,894
1903 ²	41,661,553	.....	.....	176,866	2,773,447	44,510,866	28,397,195	831,154	1,157,871	8,199,021	271,777	36,967,018

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.		
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.	
	Amount. ¹	Ratio to capital stock.				Rate.	Amount.					
												(m)	(n)	(r)	(s)	(t)	(u)	(v)
												(w)
1913.	\$8,026,368	Per cent.	\$25,850,492	\$600,506	\$24,837,356	Per cent.		\$873,261	\$2,009,876	\$2,648,187	\$31,889,199	
1912.	3,228,173	1.83	24,099,533	14,219	27,341,926			446,420	1,046,023	1,491,443	26,850,482	
1911.	6,379,752	3.08	20,586,563	7,123	28,976,468			1,351,812	526,123	1,878,935	24,099,533	
1910.	5,786,945	3.28	16,061,170	119,115	21,967,230			717,489	660,148	1,377,637	20,586,563	
1909.	2,953,450	1.66	13,079,909	467,221	17,380,580			367,732	660,170	1,027,902	16,061,170	
1908.	1,651,867		12,633,577	2,027,817	14,928,507			567,339	383,269	949,608	13,079,909	
1907.	6,807,036	3.29	11,079,462	3,661	17,390,159			1,546,407	56,479	1,602,886	13,633,577	
1906.	4,885,304	2.77	11,460,591	5,306	16,381,201			1,796,633	50,410	1,847,043	11,979,462	
1905.	4,343,028	2.47	11,043,352	7,529	15,399,508			1,302,538	50,834	1,353,372	11,490,591	
1904.	4,520,598	2.66	9,646,143	337,169	14,502,900			1,508,965	34,967	1,543,932	11,043,352	
1903.	8,413,848	4.77	8,449,015	377,244	16,863,707			4,219,308	1,323,022	5,542,330	9,646,143	

Deficits in italics.

Based on data in answers to the Commission's order, dated October 4, 1913; in Docket 4914, Anthracite Coal Investigation.

Represents a dividend of 4 per cent on first preferred stock \$1,915,696 and of 2 per cent on second preferred stock

representing 2 per cent on first preferred and 4 per

Represents dividend on first preferred stock.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement*—Continued.

WILKES-BARRE & EASTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues.	Outside operations, net.	Rents.	Income from securities.	Miscellaneous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscellaneous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$963,144	.....	\$63,427	.....	.....	\$726,571	\$403,295	\$5,594	\$22,118	\$150,000	\$145,564	\$726,571
1914.....	641,849	.....	46,911	.....	\$4,199	692,969	441,644	12,851	48,749	150,000	89,715	692,969
1915.....	696,780	.....	47,603	.....	4,210	747,593	427,055	1,580	50,172	150,000	118,755	747,593
1916.....	696,314	.....	36,026	.....	1,551	696,890	486,455	5,794	40,660	150,000	12,981	696,890
1917.....	645,117	.....	28,920	.....	1,639	672,676	464,343	4,781	33,045	150,000	20,507	672,676
1918.....	686,063	81,554	13,580	.....	15,851	717,043	550,063	6,284	10,706	150,000	.....	717,043
1919.....	616,876	.....	.....	.....	.....	616,876	413,619	4,454	1,250	150,000	47,553	616,876
1920.....	519,465	.....	.....	.....	8,518	527,983	368,399	5,834	4,250	150,000	.....	527,983
1921.....	579,085	.....	.....	.....	.....	579,085	345,196	5,136	7,260	150,000	71,453	579,085
1922.....	586,337	.....	.....	.....	.....	586,337	347,246	5,314	10,260	150,000	78,527	586,337
1923.....	613,940	.....	.....	.....	.....	613,940	306,108	6,881	13,260	150,000	138,301	613,940

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.	
	Amount. (m)	Ratio to capital stock. (n)				Rate. (r)	Amount. (s)				
			(o)	(p)	(q)			(t)	(u)	(v)	
1913.....		Per cent.				Per cent.					
1912.....											
1911.....											
1910.....											
1909.....											
1908.....											
1907.....											
1906.....											
1905.....											
1904.....											
1903.....											

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

NEW YORK, SUSQUEHANNA & WESTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Rents. (c)	Income from securities. (d)	Miscellaneous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$2,926,926	\$17,666	\$80,824	\$3,202	\$177,309	\$3,170,275	\$1,961,256	\$171,457	\$158,324	\$651,140	.....	\$2,962,179
1912.....	2,862,068	24,666	60,953	6,003	100,660	3,004,787	1,781,917	196,726	201,495	651,315	\$440	2,831,593
1911.....	2,972,964	17,276	60,851	3,202	156,713	3,214,006	1,788,117	147,176	174,871	619,365	440	2,879,409
1910.....	2,696,729	35,636	39,361	20,954	46,979	2,788,386	1,614,051	139,172	175,453	649,496	440	2,878,632
1909.....	2,530,979	9,705	17,556	22,460	31,479	2,592,709	1,502,050	148,346	160,302	660,215	1,099	2,472,612
1908.....	2,479,106	\$7,747	27,678	22,460	6,006	2,507,502	1,714,339	56,768	87,235	660,185	16,201	2,601,508
1907.....	2,506,283	.....	.....	20,606	60,056	2,586,946	1,714,693	145,749	28,640	660,265	34,190	2,583,706
1906.....	2,238,461	.....	.....	17,102	17,435	2,272,998	1,506,692	48,826	28,607	660,265	52,940	2,307,330
1905.....	2,164,100	.....	.....	17,107	94,512	2,275,719	1,586,124	46,836	28,639	671,665	52,940	2,183,204
1904.....	2,072,453	.....	.....	22,157	101,273	2,196,833	1,146,130	48,283	28,711	674,666	52,940	1,953,605
1903.....	2,070,068	.....	.....	21,826	150,333	2,242,246	1,110,119	47,639	28,547	675,265	52,940	1,914,500

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount. ¹	Ratio to capital stock.				Rate.	Amount. ¹				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
1913.	\$208,096	Per cent.	\$1,809,496	\$49,344	\$1,759,936	Per cent.		\$87,783	\$549,035	\$637,418	\$1,120,518
1912.	172,894	0.80	1,471,649	57	1,644,000			88,118	46,986	135,104	1,309,496
1911.	594,587	2.06	1,105,497	18,742	1,656,776			163,904	21,223	185,127	1,471,649
1910.	189,754	.73	909,334	173,474	1,172,552			1,809	62,246	64,055	1,105,497
1909.	120,187	.46	714,960	106,739	941,789			13,320	119,142	132,462	899,334
1908.	54,808		895,284		810,978			62,700	33,418	96,118	714,960
1907.	8,239	.01	1,101,704		1,104,943			209,659		209,659	895,284
1906.	44,538		1,240,815		1,216,483			114,880	390	115,270	1,101,704
1905.	92,515	.36	1,263,502		1,356,017			115,202		115,202	1,240,815
1904.	243,248	.94	1,024,199	22,527	1,289,964			26,462		26,462	1,263,502
1903.	327,746	1.26	1,720,475	1	1,048,222			22,063	1,940	24,003	1,024,199

¹ Deficits in italics.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

NEW YORK, ONTARIO & WESTERN RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues.	Outside operations, net. ¹	Rents.	Income from securities.	Miscella- neous. ¹	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscella- neous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$9,454,349	\$3,519	\$22,003	\$182,493	\$6,289	\$9,634,815	\$6,499,040	\$231,092	\$432,011	\$1,202,926	\$38,113	\$8,423,182
1912.....	8,527,944	85,410	17,594	345,333	.....	8,937,450	6,505,541	221,926	416,126	1,190,766	46,342	8,383,721
1911.....	9,295,702	53,610	16,413	367,729	.....	9,627,234	6,531,619	211,920	564,313	1,136,610	36,766	8,494,298
1910.....	8,578,783	43,844	12,567	390,750	.....	8,938,268	6,582,147	211,963	441,944	1,086,670	23,806	7,625,460
1909.....	8,200,170	36,881	20,283	412,317	4,180	8,652,269	5,643,102	189,160	333,673	900,430	152,877	7,039,148
1908.....	8,121,494	37,880	51,246	432,317	8,180	8,589,887	5,418,980	167,972	327,873	898,431	165,912	7,039,345
1907.....	8,309,653	.....	.....	453,717	.....	8,763,370	5,557,260	194,376	283,506	901,660	171,884	7,108,588
1906.....	7,999,136	.....	.....	453,217	.....	7,752,353	5,063,168	174,197	232,529	891,663	173,286	6,564,552
1905.....	7,137,487	.....	.....	451,217	.....	7,588,704	4,938,499	168,848	211,949	898,507	188,624	6,307,427
1904.....	6,671,338	.....	.....	471,647	.....	7,142,985	4,947,459	144,332	208,068	718,449	232,948	6,259,156
1903.....	6,176,518	.....	.....	401,937	.....	6,578,455	4,407,499	149,587	202,870	713,769	243,759	5,711,494

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Total.	
	Amount.	Ratio to capital stock.				Rate on common.	Amount.			
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	
1913	\$1,211,633	Per cent.	\$5,929,599	\$28,476	\$7,169,708	Per cent.	\$1,162,340		\$1,107,301	\$2,299,731
1912	473,729	2.06	5,644,142	1,367	6,121,238	2	210		191,429	191,689
1911	1,142,696	1.82	5,863,126	44,508	7,089,583	2	1,162,336		272,105	1,434,441
1910	1,312,768	1.97	5,769,738	68,636	7,088,129	2	1,162,328		32,692	1,194,900
1909	1,343,127	2.26	5,451,155	75,758	6,870,040	2	1,162,322		623	1,163,245
1908	1,520,589	2.31	5,138,336	73,836	6,730,761	2	1,162,306		117,298	1,279,606
1907	1,654,792	2.62	4,907,961	68,680	6,626,423	2	1,162,302		327,785	1,490,087
1906	1,187,501	2.85	4,836,145	63,300	5,076,946	2	1,162,296		6,689	1,168,965
1905	1,281,277	2.04	6,099,388	75,985	7,456,650	4 1/2	2,618,006		2,499	2,620,505
1904	886,929	2.21	6,142,935	141,510	7,171,274				23,489	1,071,886
1903	860,971	1.48	5,763,237	37,777	6,661,965			\$1,048,397	96,836	519,060
								423,214		6,142,965

¹Deduct six italics.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.		
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.			
	Amount. ¹	Ratio to capital stock.				Rate.	Amount.						
												(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)
													(w)
1913.....	\$8,026,368	Per cent.	\$25,850,492	\$660,506	\$24,537,356	Per cent.	.....	\$979,281	\$2,069,876	\$2,648,157	\$21,889,199	
1912.....	3,228,173	1.83	24,096,533	14,219	27,341,926	.....	.....	445,420	1,046,023	1,491,443	26,850,483	
1911.....	5,379,752	3.08	20,886,953	7,123	25,976,468	.....	.....	1,351,812	526,123	1,877,935	24,098,533	
1910.....	6,786,945	3.28	16,051,170	119,115	21,967,230	.....	.....	717,469	660,148	1,377,637	20,589,593	
1909.....	2,933,450	1.66	13,978,959	467,221	17,880,380	.....	.....	367,732	981,678	1,319,410	16,051,170	
1908.....	4,631,687	.....	13,633,577	2,927,817	14,926,907	.....	.....	567,359	382,269	949,628	13,978,959	
1907.....	4,807,036	.....	11,979,452	3,661	17,790,159	.....	.....	1,546,407	55,479	4,165,882	13,633,577	
1906.....	4,893,304	.....	11,440,591	5,306	16,381,201	.....	.....	1,780,533	50,410	4,401,739	11,979,452	
1905.....	4,573,593	.....	11,043,323	7,529	15,389,609	.....	.....	1,502,688	80,634	3,035,918	11,440,591	
1904.....	4,570,598	2.56	9,646,145	337,159	14,502,900	.....	.....	1,508,565	84,867	3,493,545	11,043,323	
1903.....	8,413,848	4.77	8,446,615	244	16,863,707	3½	\$1,676,224	4,219,308	1,323,022	7,213,564	9,646,145		

¹ Deficits in italics.

² Based on data in answers to the Commission's order, dated October 4, 1913; in Docket 4914, Anthracite Coal Investigation.

³ Represents a dividend of 4 per cent on first preferred stock \$1,915,696 and of 2 per cent on second preferred stock \$640,000. The 1908 profit and loss is credited with \$1,597,848 (representing 2 per cent on first preferred and 4 per cent on second preferred stock) of the dividends declared in 1907.

⁴ Represents dividend on first preferred stock.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement*—Continued.

WILKES-BARRE & EASTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues.	Outside operations, net.	Rents.	Income from securities.	Miscellaneous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscellaneous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$603,144	.....	\$93,427	.....	.....	\$726,571	\$403,295	\$5,594	\$22,118	\$150,000	\$145,564	\$726,571
1912.....	641,240	.....	46,911	.....	.....	692,959	441,644	12,851	45,749	150,000	39,715	692,959
1911.....	696,760	.....	47,603	.....	94,199	747,563	427,065	1,580	50,173	150,000	118,755	747,563
1910.....	639,314	.....	35,025	.....	1,551	696,890	486,455	5,794	40,660	150,000	12,981	696,890
1909.....	645,117	.....	26,920	.....	1,639	672,676	464,343	4,731	33,045	150,000	20,507	672,676
1908.....	686,068	\$1,564	13,480	.....	15,851	717,043	550,063	6,284	10,706	150,000	.....	717,043
1907.....	616,576	.....	.....	.....	.....	616,576	412,619	4,454	1,250	150,000	47,568	616,576
1906.....	519,465	.....	.....	.....	.....	527,983	368,399	5,334	4,260	150,000	.....	527,983
1905.....	579,085	.....	.....	.....	8,518	579,085	345,196	5,136	7,250	150,000	71,433	579,085
1904.....	586,337	.....	.....	.....	.....	586,337	347,246	6,314	10,260	150,000	78,527	586,337
1903.....	612,940	.....	.....	.....	.....	612,940	305,108	6,881	13,260	150,000	183,201	612,940

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.	
	Amount.	Ratio to capital stock.				Rate.	Amount.				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
		Per cent.				Per cent.					
1913.....											
1912.....											
1911.....											
1910.....											
1909.....											
1908.....											
1907.....											
1906.....											
1905.....											
1904.....											
1903.....											

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

NEW YORK, SUSQUEHANNA & WESTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues.	Outside operations, net.	Rents.	Income from securities.	Miscellaneous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscellaneous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913.....	\$2,926,926	\$17,989	\$80,824	\$3,202	\$177,309	\$3,170,275	\$1,981,258	\$171,457	\$158,324	\$651,140	.....	\$2,982,179
1912.....	2,862,088	41,886	60,953	6,003	100,690	3,004,787	1,781,917	196,726	201,465	651,315	.....	2,831,993
1911.....	2,972,964	17,276	60,851	3,202	189,713	3,214,006	1,788,117	147,726	174,371	619,365	440	2,973,499
1910.....	2,896,729	55,636	39,360	20,954	46,970	2,768,368	1,614,051	138,173	175,453	649,496	440	2,878,632
1909.....	2,530,979	8,705	17,536	22,460	31,479	2,597,799	1,602,650	148,846	160,302	690,215	1,099	2,672,612
1908.....	2,479,106	\$7,747	27,678	22,460	6,005	2,507,502	1,771,339	167,768	87,235	690,185	16,261	2,591,808
1907.....	2,506,283	.....	.....	20,606	60,036	2,586,945	1,714,662	145,749	28,840	690,265	34,190	2,583,706
1906.....	2,238,461	.....	.....	17,102	17,435	2,273,998	1,505,692	48,526	28,807	690,265	52,940	2,307,330
1905.....	2,184,100	.....	.....	17,107	94,512	2,275,719	1,883,124	46,838	28,639	671,695	52,940	2,183,204
1904.....	2,073,453	.....	.....	22,157	101,273	2,196,883	1,749,120	48,268	28,711	674,595	52,940	1,983,685
1903.....	2,070,088	.....	.....	21,826	150,832	2,242,746	1,710,119	47,869	28,547	675,265	52,940	1,914,500

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Total.		
	Amount. ¹	Ratio to capital stock.				Rate.	Amount. ¹				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
1913.	\$208,086	Per cent.	\$1,509,496	\$49,344	\$1,708,936	Per cent.	.....	887,793	\$549,635	\$637,418	\$1,130,518
1912.	172,894	0.80	1,471,649	57	1,644,900	.....	.....	88,118	46,986	135,104	1,509,496
1911.	534,537	2.06	1,108,497	13,742	1,066,776	.....	.....	163,904	21,223	185,127	1,471,649
1910.	186,764	.73	806,324	173,474	1,172,552	.....	.....	1,809	62,946	64,665	1,108,497
1909.	120,187	.46	714,860	106,739	941,786	.....	.....	13,320	119,142	132,462	806,324
1908.	84,506	.....	865,284	.....	810,978	.....	.....	62,700	33,418	96,118	714,860
1907.	3,239	.01	1,101,704	.....	1,104,943	.....	.....	209,659	.....	209,659	865,284
1906.	24,532	.....	1,240,816	.....	1,216,483	.....	.....	114,380	399	114,779	1,101,704
1905.	92,515	.36	1,263,502	.....	1,356,017	.....	.....	115,202	.....	115,202	1,240,816
1904.	243,248	.94	1,024,189	22,527	1,289,964	.....	.....	26,462	.....	26,462	1,263,502
1903.	327,746	1.26	1,720,475	1	1,048,222	.....	.....	22,063	1,950	24,033	1,024,189

¹ Deficits in italics.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE II.—*Condensed income and profit and loss statement—Continued.*

NEW YORK, ONTARIO & WESTERN RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Rents (c)	Income from securities. (d)	Miscellaneous. ¹ (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$9,454,249	\$5,519	\$22,003	\$152,403	\$5,299	\$9,634,815	\$6,499,940	\$231,092	\$432,011	\$1,202,926	\$68,113	\$8,423,182
1912.....	8,527,944	53,411	17,584	345,333	.....	8,867,450	6,505,541	221,926	416,126	1,190,786	46,342	8,353,721
1911.....	9,295,702	48,610	16,413	367,729	.....	9,627,284	6,831,619	214,960	564,313	1,136,610	36,766	8,484,265
1910.....	8,578,783	45,849	12,667	390,750	.....	8,938,258	5,892,147	211,963	421,644	1,086,670	23,306	7,625,460
1909.....	8,290,170	56,331	20,253	412,317	.....	8,682,259	5,643,102	189,160	363,678	968,431	152,877	7,739,132
1908.....	8,121,494	56,890	51,246	432,217	4,190	8,559,987	5,418,980	167,972	327,963	968,431	165,912	7,709,348
1907.....	8,309,653	.....	.....	453,717	.....	8,763,370	5,537,280	194,378	283,506	901,660	171,884	7,108,582
1906.....	7,299,136	.....	.....	453,217	.....	7,752,353	5,063,163	174,197	232,539	801,663	173,296	6,564,552
1905.....	7,137,487	.....	.....	451,217	.....	7,588,704	4,938,499	158,848	211,949	808,507	189,624	6,307,427
1904.....	6,671,288	.....	.....	471,647	.....	7,142,935	4,947,459	144,332	208,968	718,449	236,948	6,256,156
1903.....	6,176,518	.....	.....	401,987	.....	6,578,455	4,407,499	149,587	202,870	713,769	243,769	5,711,484

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate on common.	Amount.				
								(m)	(n)		(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)
1913.....	\$1,211,633	Per cent. 2.08	\$5,929,999	\$28,476	\$7,169,708	Per cent. 2	\$1,162,340	.....	\$1,107,391	\$2,296,731	\$4,899,977
1912.....	473,729	.82	5,946,142	1,367	6,121,228	.....	.....	.....	191,429	191,689	6,929,590
1911.....	1,142,966	1.97	5,963,129	44,408	7,090,863	.....	.....	.....	272,105	1,434,441	5,646,142
1910.....	1,312,798	2.26	6,705,795	68,636	7,098,129	.....	.....	.....	32,663	1,194,960	5,863,139
1909.....	1,343,127	2.31	6,461,155	76,758	6,870,040	.....	.....	.....	92,923	1,103,245	6,706,795
1908.....	1,620,599	2.62	6,136,336	73,836	6,730,761	.....	.....	.....	117,298	1,279,606	6,461,155
1907.....	1,654,782	2.66	4,807,961	68,680	6,626,423	.....	.....	.....	327,788	1,490,087	6,136,336
1906.....	1,187,501	2.04	4,836,145	53,300	6,076,946	.....	.....	.....	6,689	1,188,986	4,907,961
1905.....	1,281,277	2.21	6,090,988	76,965	7,456,650	.....	.....	.....	2,469	2,620,505	4,836,145
1904.....	886,529	1.53	6,142,935	141,510	7,171,274	.....	.....	.....	23,489	1,071,888	6,090,388
1903.....	860,971	1.48	5,763,227	37,777	6,061,966	.....	.....	\$1,048,397	95,886	6,142,985	

¹Deficit in italics.

NOTE.—No attempt has been made to adjust variations in the classification of certain items caused by changes in the form for annual report and by the promulgation of the uniform system of accounts.

TABLE III.—Per mile of line averages of items in the condensed income and profit and loss statements.

CENTRAL RAILROAD COMPANY OF NEW JERSEY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Renta. (c)	Income from securities. (d)	Miscella- neous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Renta. (i)	Interest on funded debt. (j)	Miscella- neous. (k)	Total. (l)
1913.....	\$42,016	897	\$328	\$2,699	\$326	\$46,263	\$24,265	\$2,260	\$3,991	\$3,264	\$645	\$34,415
1912.....	38,672	15	196	2,699	224	41,806	22,929	2,244	3,938	3,331	374	32,816
1911.....	39,124	119	415	2,616	546	42,820	22,400	1,833	4,065	3,556	393	32,248
1910.....	35,632	139	140	2,418	3,986	42,037	19,823	1,756	3,355	3,400	372	28,655
1909.....	32,044	.....	166	980	964	34,894	18,807	1,699	3,813	3,456	424	26,088
1908.....	33,849	999	457	1,231	102	36,638	19,700	1,566	3,670	3,501	503	28,989
1907.....	36,624	.....	.....	1,712	85	40,421	21,228	1,681	4,297	3,938	517	31,681
1906.....	34,789	.....	.....	1,610	114	36,513	19,174	842	3,724	3,836	384	27,990
1905.....	32,716	.....	.....	1,382	269	34,367	17,883	696	3,955	3,673	419	26,725
1904.....	29,769	.....	.....	1,306	285	31,369	16,969	682	3,664	3,492	482	25,149
1903.....	26,364	.....	.....	1,366	280	28,010	16,714	598	3,638	3,434	564	24,938
Revised 1911: ²	36,900	112	362	2,468	515	40,366	21,153	1,728	3,895	3,556	371	30,421

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
1913	\$10,847	Per cent.	\$20,064	\$1,080	\$21,144	Per cent.	\$4,870	\$5,877	\$533	\$11,060	\$20,911
1912	8,990	.....	20,196	62	20,258	.....	4,915	2,988	474	8,380	20,867
1911	10,874	.....	19,872	1,558	21,430	.....	5,104	4,733	748	10,675	21,329
1910	12,352	.....	16,342	287	16,629	.....	4,915	5,970	300	11,194	18,417
1909	9,796	.....	16,847	824	17,671	.....	3,287	2,968	808	7,087	16,380
1908	7,660	.....	14,339	837	15,176	.....	3,285	2,984	525	7,004	15,811
1907	8,740	.....	14,383	.....	14,383	.....	3,317	3,571	1,766	8,644	14,479
1906	8,553	.....	13,923	322	14,245	.....	3,317	2,964	2,145	8,414	14,392
1905	7,642	.....	13,270	508	13,778	.....	3,331	1,629	3,428	7,428	13,967
1904	6,220	.....	12,711	.....	12,711	.....	3,183	1,866	2,468	6,366	12,565
1903	3,072	.....	12,896	.....	12,896	.....	3,156	.....	2,267	3,246	12,732
Revised 1911 ¹	9,975	.....	18,748	1,469	20,217	.....	4,900	4,465	705	10,071	20,121

¹ Deducts in italics.

² The average mileage operated as reported for 1911 omits mileage for the New York & Long Branch Railroad, which was included both prior and subsequently thereto. The figures here given are based on mileage, including that of the road named.

TABLE III.—*Per mile of line averages of items in the condensed income and profit and loss statement—Continued.*

PHILADELPHIA & READING RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. (b)	Rents. (c)	Income from securities. (d)	Miscellaneous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$49,553	\$403	\$273	.....	\$101	\$50,330	\$29,937	\$1,275	\$5,299	\$1,990	\$10	\$38,481
1912.....	43,891	301	137	.....	99	44,428	28,092	505	6,393	1,973	448	36,411
1911.....	43,811	321	141	87	45	44,326	27,280	648	6,134	3,110	600	36,772
1910.....	43,326	254	196	7	143	43,926	26,989	567	5,132	3,276	447	36,411
1909.....	38,144	355	41	54	268	38,863	23,267	420	5,141	3,270	548	32,646
1908.....	39,617	848	117	141	171	40,894	25,291	378	4,564	3,328	90	33,661
1907.....	42,496	.....	.....	98	921	43,485	25,841	439	3,033	3,320	2,885	35,068
1906.....	39,892	.....	.....	88	948	40,898	22,905	390	3,532	3,350	2,822	31,909
1905.....	36,607	.....	.....	4	682	37,293	19,354	295	3,598	3,305	2,495	26,068
1904.....	33,795	.....	.....	10	679	34,484	19,539	299	3,546	3,280	2,448	26,072
1903.....	31,347	.....	.....	3	712	32,063	18,853	280	3,635	3,285	2,568	26,560

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
1913.	\$11,849	Per cent.	\$8,591		\$29,440	Per cent.	\$6,245	\$2,244	\$522	\$9,111	\$11,329
1912.	8,017	.....	9,512	.....	17,572	.....	6,277	2,580	70	8,937	8,935
1911.	7,553	.....	11,211	945	18,861	.....	4,920	3,306	1,108	9,243	9,518
1910.	8,515	.....	9,511	81	18,107	.....	4,892	2,026	62	9,980	11,127
1909.	6,216	.....	9,524	.....	16,140	.....	4,883	1,793	.....	9,494	9,494
1908.	7,243	.....	9,752	.....	16,996	.....	5,951	1,832	7	9,940	10,006
1907.	7,577	.....	9,764	.....	17,031	.....	5,989	1,844	.....	9,783	9,798
1906.	8,969	.....	10,461	.....	19,450	.....	6,043	3,564	1	9,908	9,842
1905.	8,285	.....	6,968	.....	15,268	.....	8,974	3,974	.....	9,947	10,321
1904.	5,413	.....	5,040	.....	10,452	.....	2,366	1,157	.....	8,523	9,529
1903.	3,502	.....	2,760	.....	6,262	.....	.....	1,214	.....	1,214	5,043

TABLE III.—*Per mile of line averages of items in the condensed income and profit and loss statement—Continued.*

DELAWARE, LACKAWANNA & WESTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. (b)	Rents. (c)	Income from securities. (d)	Miscella- neous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscella- neous. (k)	Total. (l)
1913.....	\$42,275	\$608	\$340	\$1,333	\$2,893	\$47,449	\$26,380	\$1,824	\$6,235	\$7	\$760	\$35,206
1912.....	37,560	477	402	709	3,525	42,673	24,333	2,132	5,974	7	31	32,477
1911.....	38,649	318	390	705	22	40,064	28,254	1,764	5,870	7	17	30,912
1910.....	38,712	302	341	742	45	40,142	30,743	1,630	5,891	7	56	28,327
1909.....	37,577	340	321	910	362	39,510	20,068	1,226	6,160	.....	.....	26,079
1908.....	37,854	275	223	921	405	39,677	21,969	1,444	6,159	40	.....	29,012
1907.....	42,300	.....	.....	1,011	4,865	48,176	22,953	357	7,922	259	183	31,073
1906.....	37,091	.....	.....	757	3,541	41,899	21,266	468	7,834	266	183	29,506
1905.....	36,611	.....	.....	698	4,203	41,512	19,371	426	6,980	263	180	27,217
1904.....	35,222	.....	.....	645	4,138	40,005	19,272	488	7,025	268	184	27,237
1903.....	32,409	.....	.....	404	3,980	36,743	17,569	411	7,015	269	184	25,738

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount. (m)	Ratio to capital stock. (n)				Rate. (r)	Amount. (s)				
			(o)	(p)	(q)						
								(t)	(u)		(v)	(w)
1913	\$12,243	Per cent.	\$27,033	\$2,435	\$42,801	Per cent.	\$6,230	\$2,047	\$464	\$8,821	\$3,480
1912	10,196	.....	37,472	29	47,647	.....	17,545	1,866	209	19,020	28,027
1911	9,172	.....	34,453	8,694	47,279	.....	6,482	2,746	80	9,258	36,021
1910	11,815	.....	42,812	7,355	61,963	.....	24,792	2,657	60	27,499	34,453
1909	11,431	.....	36,750	6,209	52,380	.....	5,898	1,877	61	7,795	34,564
1908	10,065	.....	31,656	4,046	45,767	.....	5,837	3,953	197	10,027	35,740
1907	16,503	.....	30,315	.....	46,818	.....	6,411	5,691	132	12,224	34,594
1906	11,893	.....	31,152	.....	43,065	.....	6,413	6,232	65	13,715	30,350
1905	14,246	.....	27,063	.....	41,968	.....	5,937	4,222	616	10,776	31,153
1904	13,793	.....	26,231	1	36,150	.....	2,288	4,547	1,009	12,894	26,236
1903	11,006	.....	19,254	.....	39,889	.....	2,298	4,596	14	7,008	26,851

TABLE III.—Per mile of line averages of items in the condensed income and profit and loss statement—Continued.

DELAWARE & HUDSON COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Rents. (c)	Income from securities. (d)	Miscella- neous. (e)	Total (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscella- neous. (k)	Total. (l)
1913.....	\$28,115	\$85	\$573	\$1,878	\$1,459	\$31,940	\$17,170	\$711	\$2,692	\$2,972	\$220	\$23,765
1912.....	24,942	37	422	2,109	98	27,608	15,225	710	2,704	2,987	39	21,065
1911.....	24,902	4	473	1,450	776	27,597	15,091	645	2,682	2,941	36	21,395
1910.....												
1909.....												
1908.....												
1907.....												
1906.....												
1905.....												
1904.....												
1903.....												

Year ended June 30—	Gross surplus.					Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.	Total.		
	Amount.	Ratio to capital stock.				Rate.	Amount.					
			(m)	(n)	(o)			(p)	(q)	(r)		(s)	(t)	(u)	(v)	(w)
1912.....	\$8,175	Per cent.	\$13,337	\$1,128	\$22,640	Per cent.	\$4,482	.....	.....	835	\$4,517	\$18,123
1913.....	5,843	.....	11,924	29	17,908	.....	4,492	.....	.....	40	4,532	13,376
1914.....	6,202	.....	10,944	91	17,267	.....	4,639	.....	.....	646	5,184	12,083
1915.....
1916.....
1917.....
1918.....
1919.....
1920.....
1921.....
1922.....
1923.....
1924.....
1925.....
1926.....
1927.....
1928.....
1929.....
1930.....

1 Deduct in italics.

Year ended June 30—	Gross surplus.			Deductions from surplus.					Net surplus at end of year.		
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.		Miscellaneous deductions.	Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	
1913.....	\$6,038	Per cent.	\$16,188	873	\$22,269	Per cent.	\$4,177	.....	\$817	\$4,994	\$17,275
1912.....	4,729	.....	21,053	2,053	27,835	.....	10,517	.....	808	11,552	16,273
1911.....	5,870	.....	19,004	758	25,032	.....	2,904	.....	807	4,456	21,176
1910.....	5,572	.....	13,338	2,538	21,448	.....	1,088	.....	275	2,549	18,899
1909.....	4,043	.....	11,424	12	15,479	.....	1,081	.....	105	2,189	12,290
1908.....	5,092	.....	9,677	43	14,812	.....	1,679	.....	1,226	497	11,410
1907.....	5,608	.....	7,886	2	13,496	.....	1,486	.....	2,299	3,402	9,707
1906.....	4,913	.....	6,058	7	10,978	.....	1,136	.....	1,799	3,789	7,903
1905.....	4,882	.....	4,243	14	9,139	.....	1,880	.....	4	3,016	7,903
1904.....	4,108	.....	1,164	27	5,299	.....	.....	.....	1,086	2,928	6,211
1903.....	1,707	.....	2,484	2,788	2,073	.....	.....	.....	1,052	1,909	4,247
									.....		1,164

¹ Deficits in italics.

TABLE III.—*Per mile of line averages of items in the condensed income and profit and loss statement—Continued.*

PENNSYLVANIA RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues.	Outside operations, net. ¹	Rents.	Income from securities.	Miscella- neous.	Total.	Operating expenses.	Taxes.	Rents.	Interest on funded debt.	Miscella- neous.	Total.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1913 ²	\$45,101	\$350	\$604	\$3,519	\$702	\$49,576	\$33,176	\$1,813	\$1,578	\$2,371	\$506	\$39,443
1912.....	40,832	397	671	3,553	420	45,126	29,860	1,738	1,551	2,518	628	35,799
1911.....	39,523	580	628	3,707	311	43,849	28,515	1,427	1,558	2,620	911	35,131
1910.....	40,267	538	588	3,380	429	44,863	27,677	1,262	2,113	3,064	139	34,276
1909.....	34,464	76	213	2,899	749	38,249	24,178	895	2,226	3,713	2,276	33,282
1908.....	37,118	.....	427	2,810	1,119	41,474	26,760	584	2,827	3,352	1,721	35,244
1907.....	39,507	.....	.....	2,624	1,185	42,416	27,731	490	3,020	2,415	3,325	36,981
1906.....	36,095	.....	.....	3,153	65	39,313	24,686	777	3,207	1,848	3,040	33,553
1905.....	31,728	.....	.....	2,437	244	34,409	22,086	220	2,995	1,602	2,608	29,511
1904.....	30,097	.....	.....	2,428	213	32,738	21,116	470	2,808	1,577	3,637	29,608
1903.....	31,469	.....	.....	2,304	283	34,056	21,592	435	3,041	1,631	4,181	30,890

Year ended June 30—	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount. (m)	Ratio to capital stock. (n)				Rate. (r)	Amount. (s)				
			(o)	(p)	(q)			(t)	(u)		(v)
1913.	\$10,133	Per cent.	\$6,515	\$108	\$16,811	Per cent.	\$6,746	\$2,342	\$632	\$9,710	\$7,101
1912.	9,326	.....	6,767	208	16,801	.....	6,738	1,806	1,210	9,769	6,532
1911.	8,718	.....	7,511	148	16,372	.....	6,220	2,598	714	9,532	6,940
1910.	10,087	.....	6,470	6,578	23,135	.....	6,477	3,905	6,167	15,609	7,526
1909.	4,967	.....	6,156	282	11,405	.....	4,699	.....	311	5,010	6,304
1908.	6,280	.....	6,145	890	13,265	.....	6,080	.....	2,040	7,120	6,145
1907.	6,435	.....	6,156	5,194	16,785	.....	6,435	.....	6,131	10,596	6,219
1906.	6,760	.....	6,476	2,910	14,146	.....	4,645	.....	3,268	7,913	6,283
1905.	4,898	.....	6,891	.....	10,789	.....	4,650	.....	6,007	6,267	5,832
1904.	3,130	.....	9,362	2,992	15,494	.....	4,444	.....	6,243	9,687	5,797
1903.	3,126	.....	7,540	2,348	13,014	.....	3,241	.....	.....	3,241	9,773

* Milage basis taken from monthly report of revenues and expenses.

† Deducts in italics.

Year ended June 30--	Gross surplus.				Deductions from surplus.					Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Total.		
	Amount. (m)	Ratio to capital stock. (n)				Rate. (r)	Amount. (s)				
			(o)	(p)	(q)			(t)	(u)		(v)
1912	\$4,118	Per cent.	\$19,726	964	\$22,918	Per cent.	\$3,277	\$331	\$290	\$4,068	\$19,820
1913	3,173	.....	20,541	59	22,773	.....	3,270	620	192	4,083	19,660
1914	5,623	.....	20,704	52	24,263	.....	3,278	367	43	3,667	20,596
1915	6,623	.....	6,312	14,279	26,214	.....	3,287	2,171	.....	5,458	20,756
1916	4,911	.....	6,263	5	11,179	.....	3,318	1,267	202	4,807	6,372
1917	5,384	.....	4,805	537	10,726	.....	3,340	1,080	.....	4,420	6,306
1918	5,797	.....	8,565	650	15,012	.....	7,814	2,332	.....	10,196	4,816
1919	5,415	.....	7,639	289	13,333	.....	2,977	1,701	.....	4,703	8,565
1920	4,619	.....	7,986	3,609	15,964	.....	2,977	5,259	.....	8,236	7,628
1921	3,603	.....	7,986	.....	11,589	.....	1,984	1,946	3	3,933	7,636
1922	3,696	.....	8,210	41	12,137	.....	2,039	1,556	387	3,983	8,305

Year ended June 30—	Gross surplus.				Deductions from surplus.				Net surplus at end of year.						
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.		Miscellaneous deductions.	Total.				
	Amount. ¹	Ratio to capital stock.				Rate.	Amount.								
			(m)	(n)	(o)			(p)		(q)	(r)	(s)	(t)	(u)	(v)
		Per cent.				Per cent.									
1913.....	\$4,037		\$12,003	\$332	\$17,372			\$291	\$1,041	\$1,332	\$16,040				
1912.....	1,624		12,122	7	13,753			224	526	750	12,003				
1911.....	2,696		10,319	3	13,018			677	263	940	12,078				
1910.....	2,951		8,191	61	11,203			366	337	703	10,500				
1909.....	1,494		7,122	238	8,854			187	485	672	8,182				
1908.....	1,838		7,160	1,540	7,851			268	201	469	7,352				
1907.....	3,057		6,307	2	9,366		\$1,345	814	29	843	7,178				
1906.....	2,597		6,107	3	8,707		1,359	954	27	1,081	6,857				
1905.....	2,311		5,870	4	8,185		1,358	662	27	989	6,108				
1904.....	2,401		5,122	179	7,702		1,017	801	19	920	6,805				
1903.....	4,487		4,486		8,933			2,240	703	3,583	5,121				

¹ Mileage basis taken from monthly report of revenues and expenses.

² Deficits in italics.

TABLE III.—*Per mile of line averages of items in the condensed income and profit and loss statement—Continued.*

WILKES-BARRE & EASTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. (b)	Rents. (c)	Income from securities. (d)	Miscellaneous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$7,180	.....	\$687	.....	.....	\$7,867	\$4,367	\$61	\$239	\$1,624	\$1,576	\$7,867
1912.....	6,950	.....	508	.....	.....	7,503	4,782	139	528	1,624	430	7,503
1911.....	7,533	.....	515	.....	\$45	8,094	4,624	17	543	1,624	1,286	8,094
1910.....	7,139	.....	379	.....	46	7,565	5,267	63	440	1,624	1,141	7,535
1909.....	6,985	.....	280	.....	17	7,283	5,027	52	358	1,624	222	7,283
1908.....	7,428	\$17	147	.....	13	7,764	5,956	68	116	1,624	.....	7,764
1907.....	6,679	.....	.....	.....	172	6,679	4,478	48	14	1,624	515	6,679
1906.....	6,494	.....	.....	.....	.....	6,494	3,896	56	45	1,587	.....	6,584
1905.....	6,104	.....	.....	.....	90	6,104	3,639	54	77	1,581	783	6,104
1904.....	6,761	.....	.....	.....	.....	6,761	3,968	61	118	1,581	847	6,761
1903.....	7,067	.....	.....	.....	.....	7,067	5,513	73	153	1,727	1,591	7,067

Year ended June 30--	Gross surplus.					Deductions from surplus.				Net surplus at end of year.	
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.	Miscellaneous deductions.		Total.
	Amount.	Ratio to capital stock.				Rate.	Amount.				
	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)		(v)
			Per cent.				Per cent.				
1913.....											
1912.....											
1911.....											
1910.....											
1909.....											
1908.....											
1907.....											
1906.....											
1905.....											
1904.....											
1903.....											

TABLE III.—Per mile of line averages of items in the condensed income and profit and loss statement—Continued.

NEW YORK, SUSQUEHANNA & WESTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.					Expenses and fixed charges.						
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Rents. (c)	Income from securities. (d)	Miscellaneous. (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Rents. (i)	Interest on funded debt. (j)	Miscellaneous. (k)	Total. (l)
1913.....	\$18,984	\$116	\$523	\$22	\$1,148	\$20,531	\$12,830	\$1,110	\$1,025	\$4,218	.....	\$19,183
1912.....	18,835	161	395	38	1,652	19,459	11,539	1,274	1,305	4,218	.....	18,339
1911.....	19,650	114	400	21	1,051	21,145	11,435	968	1,147	4,075	8	17,628
1910.....	17,741	234	259	138	309	18,213	10,619	915	1,155	4,273	3	16,965
1909.....	16,713	61	116	148	208	17,121	9,922	980	1,059	4,359	7	16,327
1908.....	16,370	183	183	148	40	16,558	11,697	375	1,576	4,359	108	17,115
1907.....	16,505	.....	.....	136	395	17,036	11,292	960	190	4,348	225	17,015
1906.....	14,741	.....	.....	113	115	14,969	9,922	322	188	4,348	349	15,159
1905.....	14,262	.....	.....	113	622	14,987	9,108	308	189	4,424	349	14,378
1904.....	13,665	.....	.....	146	667	14,468	7,565	313	189	4,442	349	13,866
1903.....	13,656	.....	.....	144	992	14,792	7,323	314	188	4,455	349	12,639

[illegible]

Defolts in Italy.

TABLE III.—*Per mile of line averages of items in the condensed income and profit and loss statement—Continued.*

NEW YORK, ONTARIO & WESTERN RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission.]

Year ended June 30—	Income.						Expenses and fixed charges.					Total. (l)
	Operating revenues. (a)	Outside operations, net. ¹ (b)	Renta. (c)	Income from securities. (d)	Miscella- neous. ² (e)	Total. (f)	Operating expenses. (g)	Taxes. (h)	Renta. (i)	Interest on funded debt. (j)	Miscella- neous. (k)	
1912.....	\$16,715	67	\$38	\$328	\$15	\$17,084	\$11,480	\$409	\$764	\$2,127	\$102	\$14,882
1911.....	16,077	49	81	611	.....	16,600	11,507	392	736	2,105	83	14,832
1910.....	16,486	53	29	660	.....	17,021	11,548	380	998	2,009	65	15,000
1909.....	16,715	80	22	716	.....	16,874	10,776	388	772	1,991	43	13,969
1908.....	16,187	66	37	756	8	16,905	10,338	347	721	1,799	260	13,446
1907.....	14,878	66	94	792	16	15,681	9,327	308	601	1,766	304	12,896
1906.....	15,223	.....	.....	831	.....	16,054	10,180	356	619	1,663	315	13,022
1905.....	15,372	.....	.....	890	.....	14,202	9,330	319	439	1,694	317	12,026
1904.....	15,015	.....	.....	823	.....	13,538	9,005	290	387	1,474	346	11,502
1903.....	14,166	.....	.....	860	.....	13,026	8,023	263	351	1,310	433	11,406
1902.....	11,263	.....	.....	753	.....	11,996	8,067	273	370	1,302	444	10,436

Year ended June 30--	Gross surplus.				Deductions from surplus.				Net surplus at end of year.						
	Net income for year.		Surplus at beginning of year.	Miscellaneous credits.	Total.	Dividends declared.		Provisions for additions and betterments, new lines, etc.		Miscellaneous deductions.	Total.				
	Amount.	Ratio to capital stock.				Rate.	Amount.								
			(m)	(n)	(o)			(p)		(q)	(r)	(s)	(t)	(u)	(v)
1913.....	\$2,142	Per cent.	\$10,484	\$50	\$12,676	Per cent.	\$2,065	.....	\$1,968	\$4,013	\$8,668			
1912.....	2,838	.....	9,953	2	10,822	.....	.....	.....	338	2,838	10,454
1911.....	2,021	.....	10,419	78	12,518	.....	2,065	.....	481	2,536	9,962	
1910.....	2,406	.....	10,454	126	12,985	.....	2,129	.....	60	2,189	10,796	
1909.....	2,460	.....	9,986	159	12,685	.....	2,129	.....	2	2,131	10,454	
1908.....	2,785	.....	9,409	186	12,330	.....	2,129	.....	215	2,844	9,986	
1907.....	3,052	.....	8,991	116	12,139	.....	2,129	.....	601	2,730	9,409	
1906.....	2,176	.....	8,569	97	11,132	.....	2,129	.....	12	2,141	8,991	
1905.....	2,336	.....	11,122	189	13,597	.....	4,774	.....	4	4,778	8,519	
1904.....	1,617	.....	11,202	268	13,077	.....	.....	.....	43	1,965	11,122
1903.....	1,570	.....	10,509	69	12,148	.....	.....	.....	174	1,946	11,202

¹ Deducts in italics.

TABLE IV.—Statement for comparison of certain statistical data, anthracite carriers and other carriers, year ended June 30, 1913.

(Based on data in annual reports of the carriers named to the Interstate Commerce Commission, except where noted.)

Name of road.	Passenger service train revenue.				Freight revenue.				Total operating revenue.		Total operating expenses.		Net corporate income.		
	Amount.	Ratio to total operating revenue.	Aver. age per mile of road.	Aver. age per train-mile.	Amount.	Ratio to total operating revenue.	Aver. age per mile of road.	Aver. age per train-mile.	Amount.	Aver. age per mile of road.	Ratio to total operating revenue.	Amount.	Ratio to total operating revenue.	Amount.	Ratio to capital stock.
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
New York Central & Hudson River R. Co.	\$42,924,910	37.30	\$12,458	31.58114	\$98,806,941	59.79	\$18,454	33.02822	\$115,087,932	380.776	\$94,120	107.822	498	\$15,790,880	7.00
Baltimore & Ohio R. Co.	19,247,278	18.95	4,319	1.16709	80,194,490	78.97	17,996	3.47869	101,566,132	32.789	78,776	638	16.556	13,832,111	6.36
Buffalo, Rochester & Pittsburgh Ry. Co.	1,299,923	11.87	2,270	0.91838	9,411,879	85.97	16,433	3.27433	10,947,246	19.118	7,665,891	13,384	70.08	3,184,964	13.89
Boston & Maine R. Co.	18,467,245	33.07	8,202	1.48373	28,692,099	59.14	12,743	2.07438	48,618,507	31.545	36,101	436	16.921	131,284	54.36
Michigan Central R. Co.	11,248,180	31.79	6,183	1.98900	23,018,018	65.06	12,653	3.01214	35,379,498	19,448	24,906,208	13,681	70.40	3,399,064	1,818
Pittsburgh, Cincinnati, Chicago & St. Louis Ry. Co.	11,286,907	26.36	7,667	1.37394	31,468,208	70.99	31,372	2.77005	44,810,900	30,286	34,081,707	28,783	78.59	3,818,360	9,887
Hocking Valley Ry. Co.	1,106,771	14.16	3,146	1.25608	6,868,735	81.43	16,110	4.32598	7,817,444	22,241	4,988,643	14,179	63.78	1,917,643	17.48
Chicago & Alton R. Co.	4,963,186	32.73	4,868	1.43661	9,896,351	64.95	9,660	2.70906	15,264,865	14,873	13,940,072	13,818	64.17	1,867,597	17.61
Chicago, Indiana & Southern R. Co.	371,157	8.45	1,128	0.72227	3,936,915	98.32	11,812	2.89095	4,407,438	12,263	3,439,945	9,559	77.23	177,990	89
Illinois Central R. Co.	16,760,538	28.07	8,219	1.26509	42,859,299	66.26	8,942	2.84794	64,280,938	18,497	50,045,012	10,509	77.86	6,875,118	8.31
Louisville & Nashville R. Co.	18,474,890	28.02	8,211	1.42058	42,924,923	72.13	8,906	2.29488	69,456,099	12,388	44,810,890	9,297	73.86	9,680,944	11.99
Atlantic Coast Line R. Co.	10,941,433	30.29	2,378	1.23599	24,487,523	67.52	5,312	2.09589	36,128,073	7,853	24,635,532	8,543	64.20	7,889,203	11.47
Virginian Ry. Co.	407,519	6.97	880	0.76361	3,860,840	91.68	10,866	4.06607	5,842,434	11,866	3,374,166	6,070	87.78	1,018,433	1.73
Chesapeake & Ohio Ry. Co.	7,069,686	20.06	3,036	1.34532	27,546,960	78.52	11,860	3.47102	35,063,278	15,129	24,635,560	10,544	66.69	3,204,503	8.35
Norfolk & Western Ry. Co.	5,692,637	13.07	2,814	1.32535	37,885,024	85.94	16,562	3.94000	48,789,921	31,688	26,866,813	14,129	65.81	11,106,541	9.08

INITIAL ANTHRACITE CARRIERS.

Central R. R. Co. of New Jersey.....	\$6,150,379	21.65	\$9,007.81	32056	\$21,903,446	77.11	\$32,309	\$4,82847	\$28,405,757	\$42,015	\$16,404,861	\$24,265	57.75	\$7,332,883	\$10,846	26.73
Philadelphia & Reading Ry. Co.....	8,451,658	16.72	8,283	1.21648	41,033,465	81.16	40,214	4.02314	50,662,717	49,533	30,547,341	29,937	60.41	12,050,170	11,849	25.46
Delaware, Lackawanna & Western R. R. Co.....	10,340,522	25.52	11,267	1.67417	29,618,439	73.10	30,928	4.44042	40,518,045	42,275	25,283,232	26,380	62.40	11,734,196	12,243	35.93
Lehigh Valley R. R. Co.....	5,635,665	13.15	3,900	1.16041	36,725,138	83.32	35,311	3.44189	43,043,372	29,665	29,107,820	20,061	67.62	8,761,528	6,039	14.46
Delaware & Hudson Co.....	3,597,304	14.98	4,214	1.25354	20,104,347	83.77	23,552	3.52094	23,999,352	25,115	14,656,690	17,170	61.07	6,978,539	8,175	16.42
Erie R. R. Co.....	12,357,346	22.86	6,205	1.02522	40,120,601	74.34	30,158	3.58689	53,971,813	27,151	35,379,358	17,798	61.93	8,026,368	4,068	4.55
New York, Susquehanna & Western R. R. Co.....	842,929	28.80	5,459	1.18365	2,008,640	68.65	13,008	3.98966	2,925,925	18,954	1,981,257	12,830	67.60	205,006	1,348	.80
Wilkes-Barre & Eastern R. R. Co.....	5,096	.77	35	0.18652	656,249	98.96	7,103	3.40719	663,144	7,150	403,295	4,367	60.82	.....	.....	.....
New York, Ontario & Western Ry. Co.....	1,962,648	20.76	3,470	1.00450	7,311,127	77.83	12,926	2.41298	9,454,340	16,715	6,409,040	11,400	68.74	1,211,633	2,142	2.08
Pennsylvania R. R. Co.....	46,556,592	23.05	11,309	1.02544	133,032,554	73.17	33,072	4.08717	181,830,903	45,101	133,785,028	33,178	73.36	40,854,478	10,133	8.94
Northern Central Ry. Co.....	3,136,915	23.64	6,648	1.32269	6,966,319	74.73	21,105	3.17357	13,334,943	25,241	11,368,579	24,077	86.25	1,944,478	4,118	10.05

* Allowance made in basis for issue of stock in May, 1912.

TABLE IV.—Statement for comparison of certain statistical data, anthracite carriers and other carriers, year ended June 30, 1913—Continued.
 [Based on data in annual reports of the carriers named to the Interstate Commerce Commission, except where noted.]

Name of road.	Dividends declared.				Provi- sions for additions and better- ments.	Profit and loss surplus at end of year. ¹	Average receipts per ton per mile.				Average haul per ton.				Aver- age num- ber of tons loaded per car, mule, or freight.	Aver- age tonnage per tide-water car, mule, or freight.	Aver- age freight revenue per loaded car-mile.
	Common stock.		Preferred stock.														
	Rate.	Amount.	Rate.	Amount.													
	(q)	(r)	(s)	(t)			(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(bb)				(cc)	(dd)	(ee)	(ff)
	P. c.			P. c.		Miles.	Miles.	Miles.	Miles.	Miles.	Miles.				Cents.		
N. Y. C. & Hudson River R. R. Co.	5	\$11,171,976			\$14,046,190	6.08	4.59	2.63	203.52	159.37	212.55	497.84	18.26			11.10	
Baltimore & Ohio R. R. Co.	6	9,120,976			37,410,162	5.00	5.01	3.97	197.53	171.96	208.00	619.97	25.41			14.24	
Buffalo, Rochester & Pittsburgh Ry. Co.	6	630,000			8448,796	4.61	4.94	4.16	193.35	95.07	176.08	710.04	35.61			15.96	
Boston & Maine R. R.	3	1,185,150			14,890	10.54			104.82			261.56	16.70			16.56	
Michigan Central R. R. Co.	6	1,124,184			410,080	6.42	3.80	6.22	158.46	184.03	70.81	499.46	17.20			11.09	
Pitts., Cin., Chi. & St. L. Ry Co.	6	1,838,650			8,786,858	5.84	7.46	3.77	130.04	46.77	148.19	887.81	36.28			12.97	
Hooking Valley Ry. Co.	113	1,264,943			2,669,297	4.38			163.51			483.20	22.34			16.89	
Chicago & Alton R. R. Co.					1,996,462	4.34	2.84	3.08	103.54	93.03	104.18	650.17	25.64			11.12	
Chicago, Ind. & Southern R. R. Co.					267,832	5.77			242.56			407.04	19.26			11.11	
Illinois Central R. R. Co.	6	6,537,711			40,338,581	7.79	6.34	4.76	171.00	119.14	160.23	294.75	20.26			15.78	
Louisville & Nashville R. R. Co.	7	4,618,733			27,895,987	12.03	6.32	6.31	166.27	338.43	159.68	224.13	13.19			15.87	
Atlantic Coast Line R. R. Co.	7	4,580,237			2,614,681	3.43	6.67	3.07	333.47	102.22	389.73	330.51	45.09			15.46	
Virginian Ry. Co.					2,614,681	4.12	6.19	3.16	265.94	183.93	278.46	265.94	30.77			12.25	
Chesapeake & Ohio Ry. Co.	5	3,139,080			11,423,106	4.24			270.81			763.84	30.57			12.98	
Norfolk & Western Ry. Co.	6	5,786,796															

¹ Deficits in italics.

² Based on answers to question No. 36 of Commission's order of December 22, 1912, in Docket 4914, which calls for this average for certain tidewater points only.

³ Anthracite and bituminous together average 4.02 miles

⁴ Anthracite and bituminous together average 109.48 miles.

INITIAL ANTHRACITE CARRIERS.

Central R. R. Co. of New Jersey.....	13	53,292,416	.....	34,040,457	814,137,857	8.32	8.37	.....	72.50	\$111.06	.....	547.20	37.91	43.77	24.63
Philadelphia & Reading R. Co.	15	6,373,265	.....	2,301,523	11,501,086	6.96	8.82	.....	98.59	106.14	.....	535.23	25.86	33.09	19.43
Del. Lack. & Western R. Co.	20	6,028,800	.....	1,861,984	23,083,634	6.98	7.40	5.80	172.23	191.26	68.06	641.22	22.97	42.89	15.91
Lehigh Valley R. R. Co.	10	6,060,170	10	810,630	26,066,231	6.23	7.11	.....	178.37	177.15	.....	592.22	24.43	44.00	15.43
Delaware & Hudson Co.	9	3,835,224	.....	.....	23,834,658	6.64	7.54	.....	148.08	142.45	.....	530.80	25.04	38.11	17.20
Erie R. R. Co. ....	.....	.....	.....	578,261	31,893,108	6.02	8.06	.....	168.42	212.51	.....	585.55	21.47	45.47	12.93
N. Y. Susq. & Western R. R. Co. ....	.....	.....	.....	87,793	1,126,518	12.26	8.46	.....	20.42	21.25	.....	235.00	39.23	45.25	27.17
Wilkes-Barre & Eastern R. R. Co. ....	.....	.....	.....	.....	.....	8.50	8.47	.....	47.81	51.00	.....	400.86	33.46	46.56	20.99
N. Y. Ont. & Western R. Co.	3	1,123,130	6	210	4,890,977	7.83	6.47	4.64	145.56	159.80	81.57	308.01	23.96	37.82	15.78
Pennsylvania R. R. Co.	6	27,195,920	.....	9,439,669	26,637,727	5.83	5.99	4.27	160.02	129.37	213.22	700.80	27.03	47.71	15.11
Northern Central R. R. Co.	8	1,547,400	.....	250,689	9,358,362	5.50	6.02	3.88	72.17	68.05	80.76	546.96	24.45	40.60	14.19

* Based on answers to questions in Commission's order dated October 4, 1912.

TABLE V.—Statement of mileage and traffic statistics.

CENTRAL RAILROAD COMPANY OF NEW JERSEY.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

Year ended June 30—	Mileage operated on June 30.					Average mileage operated during the year.	Passenger-miles per mile of road.	Average haul per passenger.	Average passenger-train revenue.		Average receipts per passenger-mile.	Average number of passenger cars.		Average number of passenger cars per train-mile.	Average number of passenger cars in freight service. ¹	Average capacity of cars in freight service.		Ratio of operating expenses to operating revenue.
	Single track.	Second track.	Third and fourth tracks.	Yard and track sidings.	All tracks.				Per mile of road.	Per train-mile.		Per car-mile.	Coal cars. ¹			All cars.		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	
1913.....	676	262	72	737	1,747	676	556,902	15.53	\$9,097	41.32056	1.463	81	27	4.35	Pounds.....	Pounds.....	Pounds.....	Per ct.
1912.....	669	262	72	669	1,702	669	552,527	15.21	8,962	1.25382	1.469	79	27	4.26	28,356	32,036	70,817	57.75
1911.....	634	225	72	612	1,543	634	513,735	14.06	8,315	1.24708	1.463	77	27	4.26	28,086	33,031	74,536	56.29
1910.....	669	263	71	620	1,623	669	474,624	13.86	7,506	1.21880	1.465	77	21	4.24	27,700	32,980	74,380	55.63
1909.....	668	216	71	553	1,308	668	453,465	13.66	7,090	1.17601	1.465	75	21	4.15	27,338	29,880	71,368	55.92
1908.....	668	213	71	543	1,495	668	453,442	13.65	7,098	1.16604	1.414	76	21	4.11	27,323	27,214	70,263	55.20
1907.....	667	213	71	528	1,479	667	486,107	14.63	7,098	1.19633	1.478	78	21	4.20	27,333	27,516	67,564	54.96
1906.....	666	213	71	497	1,447	666	447,728	14.54	7,198	1.12700	1.476	79	21	4.20	26,912	26,486	66,231	55.11
1905.....	658	213	71	472	1,414	658	391,005	13.91	6,404	1.12563	1.463	69	21	4.33	26,089	26,768	63,110	54.96
1904.....	665	213	70	471	1,449	665	349,511	13.97	5,774	1.08790	1.507	66	21	4.28	26,183	26,195	62,110	57.00
1903.....	666	211	69	455	1,480	666	318,906	14.10	5,355	1.01850	1.540	61	21	4.18	24,584	32,868	59,571	68.40

Year ended June 30—	Tons carried.					Ton-miles per ton, all freight.	Average receipts per ton, all freight.	Average freight revenue.		Average number of tons.		Average number of cars per train-mile.		
	Anthracite coal.		Other freight.	All freight.	Per mile of road.			Per train-mile.	Per load- ed car- mile.	Loaded.	Empty.	Total.		
	Tons.	Ratio to total tonnage.												
(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)		
1913.....	10,733,014	Per cent.	31.52	23,425,308	34,208,322	3,671,643	Miles.	822,395	34,208,322	547.20	27.91	12.61	12.05	
1912.....	8,174,442		30.70	21,412,882	31,158,374	3,301,704	72.56	28,441	4,425,701	512.78	27.17	12.41	11.45	
1911.....	10,206,142		33.19	20,541,082	30,747,224	3,185,844	70.87	28,668	4,425,701	541.89	27.17	12.41	11.45	
1910.....	8,242,157		31.36	20,541,082	29,521,560	3,182,844	72.38	27,003	4,370,948	517.36	27.16	12.01	11.77	
1909.....	8,421,577		31.49	17,018,300	24,236,600	2,684,364	72.38	24,839	4,370,948	514.78	27.16	12.01	11.77	
1908.....	8,442,157		31.49	17,018,300	24,236,600	2,684,364	72.38	24,839	4,370,948	514.78	27.16	12.01	11.77	
1907.....	8,704,684		31.28	16,285,202	23,083,545	2,190,431	76.09	27,413	4,262,074	502.40	24.63	20.34	13.45	
1906.....	7,530,237		30.61	17,688,092	25,414,139	2,901,149	76.09	27,413	4,262,074	502.40	24.63	20.34	13.45	
1905.....	8,010,330		31.67	17,688,092	25,414,139	2,901,149	76.09	27,413	4,262,074	502.40	24.63	20.34	13.45	
1904.....	7,652,829		33.04	17,688,092	25,414,139	2,901,149	76.09	27,413	4,262,074	502.40	24.63	20.34	13.45	
1903.....	5,847,963		29.93	13,601,760	19,539,723	2,200,126	78.23	21,473	4,281,84	501.98	24.00	20.81	12.97	
								18,926	4,002,45	465.27	23.25	20.01	12.70	

¹ From answers to the Commission's order of December 23, 1912, in Docket 4914, Anthracite Coal Investigation.

² Adjusted to basis used in 1900 and succeeding years.

³ Water line operations (reported as outside operations since 1908) omitted in computing "per mile of road" and like averages.

Year ended June 30—	Tons carried.				Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Average freight revenue.		Average receipts per ton-mile, all freight.	Average number of tons.		Average number of cars per train-mile.			
	Anthracite coal.		Other freight.	All freight.			Per mile of road.	Per train-mile.		Per load-car-mile.	Loaded.	Empty.	Total.		
	Tons.	Ratio to total tonnage.													
(a)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(bb)	(cc)	(dd)	(ee)	(ff)		
Per cent.				Miles.				Miles.							
1913.....	12,890,092	23.16	42,665,897	55,525,949	5,351,454	98.34	\$40,214	\$4,02314	7.51	538.38	26.86	20.70	11.01	32.57	
.....	11,224,945	23.03	37,518,014	48,742,959	4,721,168	98.33	35,010	3,77250	7.43	508.72	26.12	20.25	11.21	32.37	
.....	11,675,408	24.42	36,132,369	47,807,775	4,596,215	97.83	34,875	3,76987	7.53	497.02	24.68	20.14	11.61	32.58	
.....	10,929,612	23.04	36,501,651	47,431,263	4,506,980	97.12	34,499	3,65696	7.65	477.49	24.04	19.86	11.13	31.85	
.....	11,596,940	28.83	29,027,202	40,614,042	3,816,635	98.23	30,512	3,63594	7.99	454.80	23.28	19.54	12.28	32.65	
.....	13,537,464	31.06	30,066,122	43,603,586	4,164,131	98.13	31,870	3,50152	7.65	457.51	24.25	18.86	11.63	31.35	
.....	13,225,781	27.09	35,804,864	48,828,345	4,430,151	90.91	35,024	3,16646	7.91	400.52	(f)	(f)	(f)	(f)	
.....	11,556,872	28.83	32,841,443	44,698,315	4,132,711	91.81	32,649	2,96465	7.90	375.25	(f)	(f)	(f)	(f)	
.....	12,029,459	30.14	27,879,614	39,909,073	3,717,099	98.74	30,005	2,93914	8.07	364.11	(f)	(f)	(f)	(f)	
.....	11,224,624	31.44	24,692,463	35,917,087	3,289,776	92.65	27,461	2,84957	8.35	341.37	(f)	(f)	(f)	(f)	
.....	7,923,891	22.98	26,665,286	34,558,177	3,181,775	93.19	25,377	2,69351	7.97	336.96	(f)	(f)	(f)	(f)	

f From answers to the Commission's order of December 28, 1912, in Docket #614, Anthracite Coal Investigation.

g Adjusted to basis used in 1909 and succeeding years.

h No data.

TABLE V.—Statement of mileage and traffic statistics—Continued.

DELAWARE & HUDSON COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

Year ended June 30—	Mileage operated on June 30.				Average mileage operated during the year.	Passenger miles per mile of road.	Average haul per passenger.	Average passenger-train revenue.		Average number of passenger cars.	Average number of passenger cars.		Average number of passenger cars per train-mile.	Average tractive power of locomotives in freight service. ¹	Average capacity of cars in freight service.		Ratio of operating expenses to operating revenue.
	Single track.	Second track.	Third and fourth tracks.	Yard tracks and sidings.				All tracks.	Per mile of road.		Per train-mile.	Per car-mile.			Per train-mile.	Per car-mile.		Coal cars.^{1}	All cars.
					(a)	(b)	(c)			(d)			(e)	(f)			(g)
1913.....	854	328	39	648	1,869	854	182,027	18.94	\$4,214	\$1,203	1,900	55	16	5.54	39,053	74,441	Per ct.
1912.....	852	326	40	610	1,828	852	171,095	18.49	3,952	1,205	2,044	53	15	4.64	37,838	73,818	61.07
1911.....	852	326	40	601	1,819	843	168,335	17.78	3,903	1,197	2,065	51	16	4.57	36,294	73,558	60.60
1910.....	819	304	41	596	1,759	819	158,293	19.11	3,943	1,187	2,051	51	16	4.57	36,294	72,924	58.08
1909.....	843	304	41	621	1,809	843	151,647	19.04	3,645	1,143	2,126	46	15	4.46	34,294	70,105	58.32
1908.....	845	296	41	614	1,796	845	151,341	19.02	3,679	1,057	2,139	44	14	4.38	33,585	70,783	58.29
1907.....	845	298	18	590	1,741	845	158,858	17.55	3,794	994	2,116	40	14	4.45	32,944	70,783	60.63
1906.....	843	293	18	551	1,698	843	150,071	17.45	3,683	884	2,129	37	14	4.41	31,269	69,573	63.41
1905.....	843	293	18	524	1,667	843	138,071	17.45	3,366	884	2,156	36	14	4.42	30,181	67,294	61.23
1904.....	821	263	19	478	1,571	821	138,104	17.60	3,437	845	2,197	34	14	4.20	29,282	66,305	60.69
1903.....	715	260	19	438	1,415	715	147,304	17.40	3,517	832	2,297	37	14	4.51	28,502	64,642	59.48

Year ended June 30—	Tons carried.				Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Average freight revenue.		Average receipts per ton-mile, all freight.	Average number of tons.		Average number of cars per train-mile.		
	Anthracite coal.		Other freight.	All freight.			Per mile of road.	Per train mile.		Per loaded car-mile.	Loaded.	Empty.	Total.	
	Tons.	Ratio to total tonnage.												
(a)	(t)	(u)	(v)	(w)	(z)	(y)	(s)	(aa)	(bb)	(cc)	(dd)	(ee)	(ff)	
	Per cent.				Miles.			Miles.						
1913.....	9,160,915	44.81	11,282,335	20,443,260	3,545,185	149.03	\$23,552	\$3,599.04	6.64	530.99	26.04	20.38	10.04	31.38
1912.....	7,829,209	41.34	11,109,154	18,938,363	3,084,426	138.72	20,638	3,192.44	6.69	477.11	24.84	19.21	8.96	29.11
1911.....	9,071,813	41.19	10,569,001	19,640,601	3,001,750	138.80	20,671	3,087.71	6.57	448.33	24.11	18.69	8.41	27.96
1910.....	7,431,064	41.37	10,522,447	17,943,501	2,980,414	136.96	19,571	2,808.96	6.37	427.65	24.15	17.70	7.63	26.26
1909.....	8,482,199	47.64	9,322,792	17,804,951	2,681,201	127.01	18,507	2,772.92	6.30	407.64	24.25	16.66	8.04	26.46
1908.....	9,806,154	51.38	9,286,715	19,082,369	2,727,159	120.74	19,069	2,867.93	7.00	403.72	25.16	16.28	8.62	24.90
1907.....	9,803,760	49.80	10,192,038	19,986,763	2,794,142	118.04	17,893	2,937.98	6.40	453.69	26.07	18.29	7.90	26.10
1906.....	8,645,437	48.03	9,071,643	17,717,080	2,486,753	118.45	15,574	2,882.97	6.26	461.91	24.00	19.24	8.46	27.72
1905.....	8,604,668	51.60	8,070,791	16,676,489	2,802,088	116.36	14,984	2,757.97	6.51	423.63	23.38	18.12	8.60	26.84
1904.....	.....	.....	.....	15,038,852	2,039,898	111.37	14,013	2,750.64	6.87	400.41	22.23	18.02	8.52	26.84
1903.....	.....	.....	.....	12,768,695	1,943,242	109.24	13,026	2,459.82	6.70	366.90	20.85	17.60	8.17	26.76

¹ From answers to the Commission's order of December 23, 1912, in Docket 4614, Anthracite Coal Investigation.

² Adjusted to basis used in 1909 and succeeding years.

TABLE V.—Statement of mileage and traffic statistics—Continued.

LEHIGH VALLEY RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

[illegible]

Year ended June 30—	Tons carried.				Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Freight revenue.		Average receipts per ton-mile, all freight.	Average number of tons.		Average number of cars per train-mile.		
	Anthracite coal.		All freight.	Other freight.			Per mile of road.	Per train-mile.		Per load- ed car- mile.	Loaded.	Empty.	Total.	
	Tons.	Ratio to total tonnage.												
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
1913.....	14,732,949	Per cent.	17,684,847	32,367,796	4,066,862	176.57	\$25,311	\$3,74189	592.22	24.42	24.26	10.91	36.10	
1912.....	11,627,086	41.60	16,386,214	28,013,300	3,321,310	170.81	21,442	3,60604	668.66	22.64	24.46	11.08	36.45	
1911.....	12,897,800	44.18	15,914,512	28,812,312	3,410,068	171.30	22,232	3,60079	538.97	22.69	28.06	11.07	35.70	
1910.....	11,513,475	42.36	15,065,062	27,581,537	3,288,708	174.26	21,232	3,46947	538.86	22.66	28.06	11.05	34.90	
1909.....	11,144,458	44.53	13,714,763	24,859,205	3,042,066	176.91	19,454	3,27686	511.28	22.85	22.12	11.05	35.37	
1908.....	12,651,687	47.40	13,928,574	26,480,161	3,312,356	181.08	20,832	3,21868	528.38	21.86	24.11	10.92	35.67	
1907.....	11,870,680	42.16	16,282,280	28,153,960	3,305,138	186.43	20,861	3,32238	508.70	20.46	24.03	11.79	34.38	
1906.....	10,238,949	40.06	16,328,232	28,565,251	3,053,732	186.85	19,020	3,16276	500.76	20.51	24.06	11.79	34.53	
1905.....	10,574,042	44.48	13,196,646	27,774,267	2,944,100	172.61	18,627	3,06792	488.15	19.76	24.06	12.25	34.83	
1904.....	9,900,647	46.00	11,918,450	21,909,097	2,797,866	177.86	17,859	3,09792	466.52	18.76	24.00	12.25	34.53	
1903.....	7,700,608	38.66	12,219,524	19,920,132	2,009,200	182.35	16,598	2,90235	456.52	18.44	24.97	12.57	37.54	

1 From answers to the Commission's order of December 28, 1912, in Docket 4914, Anthracite Coal Investigation.

2 Adjusted to the basis used in 1909 and succeeding years.

3 Basis excludes express-train mileage.

Year ended June 30—	Tons carried.				Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Freight revenue.		Average receipts per ton-mile, all freight.	Average number of tons.		Average number of cars per train-mile.		
	Anthracite coal.		Other freight.	All freight.			Per mile of road.	Per train-mile.		Per load-car-mile.	Per train-mile.	Loaded.	Empty.	Total.
	Tons.	Ratio to total tonnage.												
		Per cent.												
1913.....	11,019,787	7.73	131,545,444	142,565,231	5,658,606	160.02	\$33,002	\$4.08717	700.80	27.63	25.37	13.43	39.77	
1912.....	10,740,296	8.53	115,207,049	125,947,345	5,101,095	162.87	29,595	3.92306	676.20	26.83	25.20	13.75	39.95	
1911.....	11,674,141	9.99	105,187,823	116,861,964	4,925,296	167.67	28,598	3.84230	661.99	26.71	24.78	13.19	38.96	
1910.....	10,668,852	8.81	110,484,019	121,152,871	5,139,379	168.43	29,882	3.76833	646.41	26.90	24.14	12.78	37.84	
1909.....	9,902,825	8.75	91,726,515	101,629,340	4,409,694	174.31	24,982	3.60171	635.76	26.99	23.56	13.34	37.87	
1908.....	10,483,317	9.73	97,248,393	107,731,710	4,723,894	176.44	26,937	3.32330	592.79	27.46	21.23	12.12	34.38	
1907.....	10,821,418	8.64	114,438,485	125,259,903	5,066,641	160.82	29,759	3.24393	552.80	26.91	20.53	11.84	32.37	
1906.....	9,088,988	8.05	103,773,197	112,862,185	4,571,613	159.07	26,898	3.02322	514.01	26.15	20.44	11.87	32.31	
1905.....	9,739,833	9.28	90,447,219	100,187,052	3,860,651	149.80	23,334	3.00872	497.79	24.06	20.69	11.79	32.48	
1904.....	9,103,384	9.28	88,994,641	98,098,026	3,631,978	146.25	22,017	3.10927	512.92	23.81	21.54	12.03	33.57	
1903.....	6,624,257	6.67	92,732,868	99,357,125	3,875,589	147.59	23,170	3.30366	552.59	23.48	23.54	13.08	36.62	

¹ From answers to the Commission's order of December 23, 1912, in Docket 4914, Anthracite Coal Investigation.

² Represents average capacity of hopper cars and "Gs" cars, excluding plain gondolas.

³ Adjusted to basis used in 1909 and succeeding years.

⁴ Operations of Jersey City Terminal and Pennsylvania annex included, except for column (g) "Passenger miles per mile of road." These operations for subsequent years not included in bases for averages here given.

TABLE V.—Statement of mileage and traffic statistics—Continued.

NORTHERN CENTRAL RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

Year ended June 30—	Mileage operated on June 30.					Aver- age mileage oper- ated during the year.	Passen- ger- miles per mile of road.	Aver- age haul per passen- ger.	Passenger-train revenue.			Average num- ber of passen- ger.		Aver- age num- ber of passen- cars per train- mille.	Aver- age num- ber of loco- motives in freight service. ¹	Average capac- ity of cars in freight service.		Ratio of oper- ating ex- penses to operat- ing rev- enues.				
	Single track.	Second track.	Third and fourth tracks.	Yard tracks and sidings.	All tracks.				Per mile of road.	Per train- mille.	Per car- mille.	(a)	(b)			(c)	(d)		(e)	(f)	(g)	(h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)					
1913.....	472	159	50	426	1,107	472	263,055	23.76	\$6,648	\$1.32009	1.961	6.01	16	34,968	88,865	87,073	86.26					
1912.....	472	159	51	421	1,104	473	241,887	23.12	6,118	1.28636	2.017	4.94	14	33,821	88,865	84,246	86.96					
1911.....	472	159	51	415	1,088	472	237,785	22.62	6,061	1.28660	2.031	5.00	14	33,821	86,961	81,813	86.74					
1910.....	471	159	49	414	1,083	471	226,994	21.23	5,702	1.20534	1.967	4.91	14	33,793	85,837	80,463	78.45					
1909.....	466	154	50	393	1,063	466	216,689	21.27	5,439	1.16983	1.968	4.76	14	33,697	77,468	76,656	78.63					
1908.....	463	151	50	314	978	463	227,728	21.48	5,655	1.13489	1.985	4.65	14	32,597	76,266	76,146	78.44					
1907.....	462	151	40	326	979	462	224,260	20.86	5,364	1.07877	2.017	4.74	14	32,598	74,653	73,288	78.00					
1906.....	462	149	40	318	969	462	198,699	19.86	5,022	1.05132	2.124	4.62	14	30,272	71,801	71,038	74.68					
1905.....	462	149	27	310	945	462	186,567	19.84	4,559	.96815	2.072	4.73	14	29,638	68,602	66,797	76.39					
1904.....	462	141	2	306	911	462	196,681	15.23	4,486	.96788	2.243	4.26	14	28,473	61,809	63,191	76.49					
1903.....	460	140	2	276	868	460	176,427	13.87	4,653	.89469	2.273	4.31	14	26,313	57,431	60,726	76.35					

Year ended June 30—	Tons carried.			Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Freight revenue.		Average receipts per ton- mile, all freight.	Average number of tons.			Average number of cars per train-mile.		
	Anthracite coal.		All freight.			Per mile of road.	Per train- mile.		Per load- ed car- mile.	Loaded.	Empty.	Total.		
	Tons.	Ratio to total tonnage.												
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
		Per cent.				Miles.			Miles.	(aa)	(bb)	(cc)	(dd)	(ee)	(ff)
1913.....	6,183,086	26.98	17,614,890	23,797,926	3,687,413	72.17	\$21,105	\$3,17387	5.30	546.98	24.45	22.57	9.10	32.43
1914.....	5,776,863	26.53	16,000,068	21,776,531	3,403,384	73.96	19,998	2,98075	5.38	508.98	23.06	22.06	8.74	31.76
1915.....	6,472,743	28.78	16,015,597	22,468,340	3,496,683	73.39	20,855	3,16447	5.96	528.89	23.55	22.46	9.56	32.99
1916.....	5,816,063	26.58	16,090,093	21,906,755	3,493,316	76.08	21,016	3,24098	6.02	538.74	23.67	22.76	9.30	32.08
1917.....	6,559,687	28.40	14,012,909	19,673,696	3,069,926	72.91	18,983	3,02656	6.20	487.88	23.33	20.91	10.14	31.99
1918.....	5,948,516	26.47	16,522,874	22,472,360	3,269,872	70.08	20,614	3,08926	6.06	500.52	24.30	20.97	10.64	32.48
1919.....	6,784,611	24.56	17,678,537	23,433,148	3,504,520	69.10	21,396	2,98542	6.11	489.00	22.91	21.35	11.04	32.39
1920.....	5,746,331	22.93	16,947,106	20,692,486	2,934,410	68.53	18,546	2,80764	6.32	444.24	20.84	21.32	11.13	32.45
1921.....	5,084,368	27.45	13,305,533	18,338,226	2,652,836	66.83	17,441	2,73018	6.58	415.19	19.03	21.82	12.44	34.26
1922.....	4,647,619	26.61	12,502,542	18,149,991	2,647,378	67.40	16,988	2,56878	6.42	398.75	19.68	20.26	10.76	31.02
1923.....	3,466,277	19.76	14,086,581	17,493,583	2,530,889	68.07	15,803	2,47919	6.24	397.03	18.70	21.24	10.80	32.04

From answers to the Commission's order of December 22, 1912, in Docket 4914, Anthracite Coal Investigation.

1 Represents average capacity of hopper cars and "Gs" cars, excluding plain gondolas.

2 Adjusted to basis used in 1909 and succeeding years.

TABLE V.—Statement of mileage and traffic statistics—Continued.

Erie Railroad Company.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

Year ended June 30—	Mileage operated on June 30.					Aver- age mileage oper- ated during the year.	Passen- ger miles per mile of road.	Aver- age haul per passen- ger.	Average passen- ger-train rev- enue.		Aver- age num- ber of passen- gers.	Average num- ber of passen- gers.		Aver- age main- tenance per passen- ger car per train- mille.	Aver- age trac- tive power in loco- motive freight service. ¹	Average capac- ity of cars in freight service.		Ratio of oper- ating ex- penses to operat- ing rev- enue.
	Single track.	Second track.	Third and fourth tracks.	Yard tracks and sidings.	All tracks.				Per mile of road.	Per train- mille.		Per train- mille.	Per car- mille.			Coal cars. ¹	All cars.	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	
1913	1,988	940	37	1,553	4,527	1,988	287,847	22.33	\$5,845	\$1.27118	1.561	63	18	5.95	37,598	87,455	77,340	68.17
1912	1,995	901	36	1,528	4,460	1,995	305,572	23.52	6,108	1.26765	1.553	65	18	5.90	37,416	84,655	75,371	64.94
1911	1,961	852	35	1,507	4,415	1,961	297,072	23.62	6,712	1.27421	1.489	66	19	5.95	37,074	83,812	74,867	65.06
1910	1,963	857	33	1,498	4,351	1,963	280,406	23.45	6,332	1.26354	1.472	64	18	5.90	36,759	81,431	73,543	67.18
1909	1,905	794	33	1,491	4,223	1,902	308,173	25.45	6,739	1.26993	1.476	68	19	5.65	36,522	78,077	71,816	76.77
1908	1,899	786	33	1,472	4,190	1,899	310,940	25.06	6,326	1.26338	1.460	74	.....	5.65	35,535	73,214	68,491	67.17
1907	1,831	743	33	1,440	4,097	1,831	294,478	24.87	6,193	1.24115	1.484	70	.....	5.41	35,411	70,723	65,426	68.28
1906	1,831	728	33	1,400	4,057	1,831	279,227	25.96	4,828	1.14225	1.464	66	.....	5.29	32,375	63,948	59,036	68.89
1905	1,833	711	33	1,323	3,940	1,833	269,754	26.56	4,626	1.12559	1.452	65	.....	5.26	31,756	58,502	55,736	68.84
1904	1,833	679	23	1,283	3,876	1,833	260,797	26.09	4,592	1.11687	1.500	63	.....	5.07	28,543	56,838	54,556	61.95

Year ended June 30—	Tons carried.					Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Average freight revenue.		Average receipts per ton-mile, all freight.	Average number of tons.		Average number of cars per train-mile.			Total.											
	Anthracite coal.		Other freight.	All freight.	Per mile of road.			Per train-mile.	Per load- ed car- mile.		Loaded.	Empty.															
	Tons.	Ratio to total tonnage.																									
													(a)	(t)	(u)		(v)	(w)	(x)	(y)	(z)	(aa)	(bb)	(cc)	(dd)	(ee)	(ff)
	Per cent.					Miles.			Miles.																		
1913	9,113,862	26.64	26,430,768	35,544,620	2,935,835	166.33	17,968	3.24050	6.08	533.39	20.21	26.39	10.96	83.26													
1912	9,597,927	26.37	26,914,153	36,802,080	2,942,306	160.84	17,999	3.22936	6.12	527.61	20.60	26.74	10.15	80.88													
1911	8,705,069	23.13	28,926,628	37,630,297	2,805,448	146.34	17,691	3.11806	6.26	497.02	20.32	24.46	8.92	74.83													
1910	9,331,192	29.16	22,669,660	32,000,723	2,677,289	164.28	16,326	2.86330	6.10	469.66	20.66	22.73	9.15	82.86													
1909	9,088,891	27.57	23,591,767	32,860,498	2,594,860	150.16	16,307	2.90296	6.28	461.93	20.34	22.72	8.41	82.12													
1908	8,622,910	22.97	29,578,763	38,201,663	2,905,883	150.16	15,658	2.90427	6.37	468.05	19.63	23.84	9.78	83.63													
1907	7,437,176	20.99	27,997,109	35,434,884	2,763,462	146.67	17,283	2.85909	6.21	457.00	18.72	24.41	10.97	85.38													
1906	7,088,170	23.03	22,025,790	30,791,783	2,422,141	147.99	16,750	2.70648	6.45	416.21	17.74	22.47	10.90	84.87													
1905	6,966,503	24.02	22,025,790	28,992,293	2,405,206	156.22	15,903	2.62762	6.53	399.97	17.41	22.98	10.13	81.61													
1904	5,903,949	19.31	24,680,794	30,886,743	2,508,878	154.18	16,068	2.62119	6.37	408.49	17.80	22.94	10.80	83.74													

¹ From answers to the Commission's order of December 23, 1912 in Docket 4914, Anthracite Coal Investigation.

² Based on average passenger mileage operated during year of 1,932.63 miles.

³ Adjusted to basis used in 1909 and subsequent years.

TABLE V.—Statement of mileage and traffic statistics—Continued.

WILKES-BARRE & EASTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

Year ended June 30—	Mileage operated on June 30.					Average mileage operated during the year.	Passenger miles per mile of road.	Average haul per passenger.	Average passenger-train revenue.		Average number of passenger cars.	Average number of passenger cars.		Average age of tractive power.	Average age of freight cars. ¹	Average capacity of freight service.		Ratio of operating expenses to operating revenue.
	Single track.	Second track.	Third and fourth tracks.	Yard tracks and sidings.	All tracks.				Per mile of road.	Per passenger-train mile.		Per car-mile.	Coal cars. ¹			All cars.		
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	
1913.....	92	.....	.....	33	125	92	2,074	19.15	855	\$0.13652	Cents.	5	4	1.28	28,930	56,341	60.93
1912.....	92	.....	.....	33	125	92	2,289	20.03	61	15066	2,436	6	4	1.40	28,930	56,000	60.81
1911.....	92	.....	.....	33	125	92	2,857	19.47	60	14785	2,357	6	4	1.62	28,930	56,000	61.38
1910.....	92	.....	.....	32	124	92	2,848	18.70	47	11674	1,908	6	3	1.69	28,930	56,000	71.28
1909.....	92	.....	.....	32	124	92	2,660	20.27	109	26771	1,997	7	4	1.66	28,970	56,000	71.18
1908.....	92	.....	.....	32	124	92	2,445	21.10	109	26500	2,154	6	4	1.84	28,970	56,000	86.18
1907.....	92	.....	.....	32	124	92	2,384	21.70	114	32224	2,492	7	.....	1.63	28,970	56,000	67.08
1906.....	94	.....	.....	32	126	94	2,388	23.10	116	36476	2,561	7	.....	1.84	28,940	49,978	70.92
1905.....	85	.....	.....	30	125	85	2,728	24.72	123	40788	2,512	9	.....	1.69	28,922	56,000	58.63
1904.....	87	.....	.....	30	117	87	2,445	28.98	139	44524	2,298	11	.....	2.08	28,922	56,000	58.22
1903.....	87	.....	.....	30	117	87	2,731	27.35	128	46987	2,313	11	.....	2.37	28,922	56,000	48.78

Year ended June 30—	Tons carried.				Ton-miles per mile of road, all freight.	Average freight revenue.	Average receipts per ton- mile, all freight.	Average number of tons.		Average number of cars per train-mile.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
	Anthracite coal.		Other freight.	All freight.				Per ton- mile, all freight.	Per load- ed car- mile.	Loaded.	Empty.	Total.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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* From answers to the Commission's order of December 28, 1912, in Docket 4914, Anthracite Coal Investigation.

† Apparently the mileage operated under trackage rights is omitted; note increase in following year.

TABLE V.—Statement of mileage and traffic statistics—Continued.

NEW YORK, SUSQUEHANNA & WESTERN RAILROAD COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

Year ended June 30—	Mileage operated on June 30.					Average mileage operated during the year.	Passenger miles per mile of road.	Average haul per passenger.	Average passenger-train revenue.		Average receipts per passenger mile.	Average number of passengers.		Average number of passenger cars per train-mile.	Average age of locomotives in freight service. ¹	Average capacity of cars in freight service.		Ratio of operating expenses to operating revenues.
	Single track.	Second track.	Third and fourth tracks.	Yard tracks and sidings.	All tracks.				Per mile of road.	Per train-mile.		Per car-mile.	Coal cars. ¹			All cars.		
1913.	157	30	90	277	154	319,640	\$5,459	\$1.18635	Cents.	70	22	4.55	Pounds.	82,583	93,498	Per ct.	67.69
1912.	154	30	.....	87	271	154	333,642	5,611	1.21650	1.147	72	23	4.62	24,532	82,583	92,987	62.26
1911.	152	26	.....	84	263	152	300,342	5,965	1.20187	1.091	76	23	4.65	24,466	82,618	82,086	53.46
1910.	152	26	.....	116	264	152	408,131	5,987	1.27463	1.047	86	25	4.81	24,466	81,275	80,703	59.85
1909.	151	26	.....	82	259	151	377,206	5,592	1.24795	1.043	84	26	4.71	25,123	72,543	71,326	59.37
1908.	151	26	.....	82	259	151	365,139	5,474	1.25319	1.024	84	26	4.64	25,123	63,475	62,773	71.45
1907.	152	26	.....	80	258	152	352,605	5,917	1.02030	1.013	92	.....	3.64	24,626	61,013	60,430	63.41
1906.	152	25	.....	78	255	152	318,794	5,646	1.09050	1.034	86	.....	3.44	24,593	56,827	55,925	63.31
1905.	152	25	.....	72	249	152	292,952	5,307	84040	1.034	75	.....	3.30	24,590	49,931	49,604	60.04
1904.	152	25	.....	71	248	152	297,082	5,230	88974	0.998	83	.....	3.47	24,586	45,701	45,601	53.62
1903.	152	25	.....	69	246	152	244,155	2,981	88908	1.006	72	.....	3.49	24,586	45,401	45,504	53.63

Year ended June 30—	Tons carried.				Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Average freight revenue.		Average receipts per ton-mile, all freight.	Average number of tons.		Average number of cars per train-mile.		
	Anthracite coal.		Other freight.	All freight.			Per mile of road.	Per train-mile.		Per loaded car-mile.	Loaded.	Empty.	Total.	
	Tons.	Ratio to total tonnage.												
(a)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(bb)	(cc)	(dd)	(ee)	(ff)	
	Per cent.				Miles.				Cents.					
1912.....	3,483,719	64.75	1,899,646	5,383,365	1,051,559	36.42	\$12,008	32,980	325.60	30.33	10.73	7.05	18.68	
1913.....	3,304,116	64.92	1,784,070	5,088,086	1,027,606	31.18	12,435	32,771	326.40	30.29	10.16	7.12	18.25	
1914.....	3,477,800	65.55	1,822,658	5,290,453	1,175,490	33.80	11,607	32,807	320.79	31.78	10.09	6.80	17.89	
1915.....	3,849,189	61.69	1,796,125	5,643,314	1,106,442	36.33	11,497	32,824	296.37	31.26	8.62	6.33	14.93	
1916.....	3,245,040	53.75	1,582,131	4,827,171	1,041,253	37.93	10,847	29,713	293.05	29.24	8.18	5.63	14.50	
1917.....	2,551,065	64.69	1,392,649	3,943,724	1,073,199	41.21	10,564	2,407	227.13	30.43	7.70	5.61	14.35	
1918.....	2,619,998	63.38	1,594,312	4,118,306	1,025,572	37.53	11,842	2,549	220.89	26.06	8.70	5.70	14.55	
1919.....	2,297,015	64.12	1,293,208	3,590,224	883,073	38.09	10,478	2,379	203.12	21.98	9.11	6.50	16.61	
1920.....	2,083,459	67.40	997,043	3,090,502	875,502	43.44	10,210	2,424	203.84	20.17	10.33	7.47	17.80	
1921.....	1,730,270	68.01	823,221	2,553,491	513,721	48.31	9,565	2,361	202.14	13.94	10.68	8.47	19.15	
1922.....	1,534,741	60.49	1,005,807	2,540,345	517,472	45.73	10,100	2,438	196.43	13.54	10.69	8.01	18.60	

¹ From answers to the Commission's order of December 28, 1912, in Docket 4914, Anthracite Coal Investigation.

² Adjusted to basis used in 1909 and succeeding years.

TABLE V.—Statement of mileage and traffic statistics—Continued.

NEW YORK, ONTARIO & WESTERN RAILWAY COMPANY.

[Based on data in annual reports to the Interstate Commerce Commission, except where noted.]

Year ended June 30—	Mileage operated on June 30.					Average mileage operated during the year.	Passenger miles per mile of road.	Average haul per passenger.	Average passenger-train revenue.		Average number of passengers.		Average number of passenger cars per train-mile.	Average age of locomotives in freight service. ¹	Average capacity of cars in freight service.		Ratio of operating expenses to operating revenue.	
	Single track.	Second track.	Third and fourth tracks.	Yard tracks and sidings.	All tracks.				Per mile of road.	Per passenger per train-mile.	Per car-mile.	Per train-mile.			Per car-mile.			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	
1913.....	566	207	.....	237	1,010	566	154,427	38.90	\$3,470	\$1.09490	1.934	49	16	4.09	30,445	70,000	73,295	68.74
1912.....	566	206	.....	230	1,002	566	152,359	38.18	3,351	1.06808	1.896	49	17	3.99	30,365	69,200	69,200	76.32
1911.....	566	202	.....	221	989	566	152,460	38.17	3,336	1.05896	1.896	48	17	3.94	30,365	68,000	67,333	70.26
1910.....	546	181	.....	226	983	546	156,333	39.72	3,352	1.04989	1.896	49	17	3.93	27,777	68,200	62,969	68.56
1909.....	546	177	.....	218	941	546	147,640	38.02	3,193	.99403	1.869	46	16	3.85	27,696	61,900	61,775	68.07
1908.....	546	170	.....	213	929	546	157,304	42.81	3,255	1.03542	1.799	50	17	3.95	26,917	60,400	60,337	66.73
1907.....	546	171	.....	206	923	546	149,964	41.44	3,178	.76531	1.898	36	.....	3.02	26,815	58,800	59,227	66.88
1906.....	546	166	.....	199	911	546	133,489	38.92	2,892	.70111	1.838	33	.....	2.04	26,742	63,800	62,962	69.19
1905.....	549	143	.....	195	887	549	115,077	36.44	2,460	.67861	1.839	32	.....	2.00	26,742	63,600	62,960	69.19
1904.....	549	114	.....	208	871	549	102,274	34.24	2,168	.63057	1.890	30	.....	2.88	26,319	63,400	61,843	74.16
1903.....	549	63	.....	212	824	549	96,473	35.08	2,032	.61037	1.854	29	.....	2.88	26,227	63,200	61,333	71.36

Year ended June 30—	Tons carried.				Ton-miles per mile of road, all freight.	Average haul per ton, all freight.	Average freight revenue.		Average receipts per ton-mile, all freight.	Average number of tons.		Average number of cars per train-mile.		
	Anthracite coal.		All freight.	Per ton-mile of road.			Per train-mile.	Per load- ed car- mile.		Loaded.	Empty.	Total.		
	Tons.	Ratio to total tonnage.												
													Other freight.	
														(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(bb)	(cc)	(dd)	(ee)	(ff)
4,501,266	Per cent.	1,932,522	6,409,817	1,649,808	145.68	\$12,926	\$2,413.28	7.83	208.01	28.98	12.85	7.54	20.84	
4,027,868	70.22	1,916,031	5,944,499	1,526,994	145.29	11,573	2,210.64	7.53	201.68	28.27	12.54	7.11	20.12	
4,684,242	67.76	1,966,499	6,620,741	1,716,330	146.02	12,940	2,230.08	7.54	206.93	28.92	12.37	7.89	20.23	
3,783,266	68.07	1,927,453	5,680,781	1,534,665	147.46	12,182	2,143.90	7.94	270.00	21.23	12.72	6.99	20.18	
3,979,731	69.44	1,761,357	5,731,568	1,608,943	143.22	11,845	2,103.83	7.87	267.11	21.45	12.46	7.14	20.06	
3,905,100	69.98	1,676,556	5,680,715	1,596,519	132.68	11,469	2,237.73	8.45	264.89	20.94	12.65	7.19	20.32	
3,533,041	68.93	1,735,026	5,308,066	1,325,535	126.31	11,560	2,163.90	8.74	247.42	22.41	11.02	7.49	18.51	
3,060,375	65.94	1,630,598	4,660,973	1,212,104	141.05	10,240	2,028.56	8.45	240.13	21.87	10.98	7.48	18.46	
3,411,536	72.51	1,275,814	4,685,350	1,267,930	148.41	10,245	2,046.11	8.08	253.23	22.77	11.12	7.76	18.88	
3,181,416	73.73	1,154,006	4,315,422	1,150,472	146.20	9,765	2,049.44	8.49	241.45	21.85	11.05	7.69	18.64	
3,908,908			3,972,561	1,068,362	146.10	9,053	2,037.24	8.55	238.17	21.70	10.98	7.33	18.21	

¹ From answers to the Commission's order of December 23, 1912, in Docket 4014, Anthracite Coal Investigation.
² Adjusted to the basis used in 1909 and succeeding years.

TABLE VI.—*Statements of revenues and expenses of anthracite coal and other freight transported by the roads named during the years ended June 30, indicated.*

[Based on answers to questions in Interstate Commerce Commission's orders, dated December 23, 1912, and October 4, 1913, in Docket 4914, Anthracite Coal Investigation.]

Operating revenues.												Operating expenses.	
Freight revenue.												Total operating revenue.	Ratio to total operating revenue.
Anthracite coal revenue.			Other freight revenue.			Total freight revenue.			Other revenue.	Amount.			
Amount.	Ratio to total freight revenue.	Per cent.	Amount.	Ratio to total freight revenue.	Per cent.	Amount.	Ratio to total freight revenue.	Per cent.			(f)			(g)	(h)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Central Railroad Co. of New Jersey:													
1913.....	\$10,081,112	46.0	35.5	\$11,822,333	54.0	Per cent.	\$21,903,446	77.1	Per cent.	\$28,405,756	\$16,404,800	57.75	
1912.....	8,188,984	43.0	31.6	10,850,839	57.0	41.9	19,039,423	73.5	73.5	25,887,738	15,348,779	59.29	
1911.....	8,718,477	45.7	33.9	10,377,927	54.3	40.3	19,096,354	74.2	74.2	25,753,507	14,938,962	58.09	
1910.....	8,089,646	43.9	32.6	10,334,444	56.1	41.7	18,423,990	74.3	74.3	24,796,552	13,925,506	56.16	
1909.....	8,210,431	43.6	35.7	8,698,694	51.4	37.9	16,909,126	73.6	73.6	6,372,562	23,203,884	57.44	
1908.....	9,149,866	51.5	39.0	8,608,049	48.5	36.6	17,757,915	75.6	75.6	6,077,458	23,492,295	58.70	
1907.....	7,831,739	50.8		7,670,407	49.2		15,502,146			5,724,380	13,789,517		
1906.....	5,959,523	50.2		5,913,859	49.8		11,873,482						
1905.....	6,726,896	63.0		3,955,710	37.0		10,681,406						
Philadelphia & Reading Ry. Co.:													
1913.....	13,359,972	32.6	26.4	27,673,492	67.4	54.8	41,033,464	81.2	81.2	9,539,253	50,562,717	60.41	
1912.....	11,543,641	32.5	25.9	23,997,585	67.5	54.0	35,541,226	79.9	79.9	8,935,290	44,476,525	64.11	
1911.....	12,107,641	34.2	27.3	23,273,107	65.8	52.4	35,380,748	79.7	79.7	8,964,494	44,365,442	62.38	
1910.....	11,628,868	33.0	26.3	22,632,060	67.0	53.4	35,260,928	79.7	79.7	8,953,987	44,214,915	60.08	
1909.....	12,185,555	39.0	31.2	19,059,399	61.0	48.8	31,244,954	80.0	80.0	7,515,280	39,060,234	61.00	
1908.....	13,026,031	40.6	32.6	19,054,167	59.4	47.8	32,080,198	80.4	80.4	7,798,684	39,878,882	63.84	
1907.....	12,368,786	41.0		17,831,101	59.0		30,199,887						
1906.....	9,552,961	45.2		11,568,843	54.8		21,121,805						
Delaware, Lackawanna & Western R. Co.:													
1913.....	14,737,880	49.8	36.4	14,880,838	50.2	36.7	29,618,438	73.1	73.1	10,899,006	40,518,044	62.40	
1912.....	12,704,507	49.7	35.8	12,849,493	50.3	36.2	25,554,000	72.0	72.0	9,938,527	35,492,527	64.79	
1911.....	13,637,962	52.3	37.9	12,459,864	47.7	34.6	26,097,756	72.5	72.5	9,036,310	35,047,066	60.17	
1910.....	14,644,761	54.3	40.4	12,244,556	45.7	34.0	26,789,316	74.4	74.4	9,216,672	36,005,988	53.58	
1909.....	14,500,031	53.4	43.2	10,332,556	41.6	30.8	24,832,587	74.0	74.0	8,720,549	33,583,436	55.07	
1908.....	14,586,869	57.9	43.1	10,596,680	42.1	31.3	25,183,546	74.4	74.4	8,563,705	33,810,254	58.04	

1905	13,525,631	61.3	8,790,745	38.8	22,589,376	67.62
1904	9,643,305	40.8	6,643,305	40.8	16,278,734	64.96
1900	9,006,065	59.3	6,224,421	40.7	15,236,486	59.16
Lehigh Valley R. R. Co.:						
1905	18,556,161	50.5	18,168,977	49.5	36,725,138	62.53
1904	13,112,165	46.3	16,580,391	48.7	30,692,586	62.53
1903	15,440,118	48.5	16,402,707	48.9	31,842,825	62.53
1901	14,237,029	46.6	16,342,568	48.4	30,679,597	62.53
1900	13,457,709	47.9	14,665,793	52.1	28,123,502	62.53
1908	14,908,023	49.4	15,277,659	50.6	30,186,682	62.53
1905	12,562,985	48.4	13,399,926	61.6	25,962,920	62.53
1900	9,395,731	49.7	9,500,747	50.3	18,896,478	62.53
Delaware & Hudson Co.:						
1913	9,842,057	49.0	10,263,260	51.0	20,104,347	61.07
1912	7,681,924	48.7	9,896,081	56.3	17,578,007	61.04
1911	8,167,009	46.9	9,385,433	53.1	17,422,502	61.04
1910	7,043,310	43.9	8,994,763	56.4	16,038,103	61.04
1909	7,506,217	48.1	8,103,906	51.9	15,612,183	61.04
1908	8,167,212	50.6	7,967,743	49.4	16,134,955	61.04
1905	5,723,219	45.3	6,906,963	64.7	12,630,213	61.04
1900	4,140,646	42.2	4,378,468	47.8	8,517,247	61.04
Erie R. R. Co.:						
1913	12,648,977	32.0	27,271,024	69.0	40,120,901	65.65
1912	10,607,377	29.7	25,064,537	70.3	35,701,864	65.65
1911	11,757,320	32.4	24,137,267	67.3	34,491,587	65.65
1910	10,151,745	28.7	24,336,835	70.6	34,981,580	65.65
1909	10,231,317	31.9	21,815,720	68.1	32,047,057	65.65
1908	10,700,764	34.5	20,308,670	65.5	31,006,426	65.65
1905	8,383,948	28.5	21,026,823	71.5	29,410,810	65.65

1 For year ended December 31.

For year ended December 31.
For year ended November 30.

Prior to September 1, 1907, a

Covers period September 1, 1899, to June 30, 1900, only.

TABLE VI.—Statement of revenues and expenses of anthracite coal and other freight transported by the roads named during the years ended June 30, indicated—Continued.

[Based on answers to questions in Interstate Commerce Commission's orders dated December 28, 1912, and October 4, 1913, in Docket 4914, Anthracite Coal Investigation.]

Operating revenues.													Operating expenses.		
Freight revenue.													Total operating revenue.	Amount.	Ratio to total operating revenue.
Anthracite coal revenue.			Other freight revenue.				Total freight revenue.								
Amount.	Ratio to total freight revenue.	Ratio to total operating revenue.	Amount.	Ratio to total freight revenue.	Ratio to total operating revenue.	Ratio to total operating revenue.	Amount.	Ratio to total operating revenue.	Other revenue.	Total operating revenue.	(k)	(l)			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.			
New York, Susquehanna & Western R. R. Co.															
1913	\$776,931	43.6	33.4	\$1,031,718	51.4	35.2	\$2,003,649	63.6	\$913,276	\$2,928,925	\$1,931,257	67.69			
1912	894,680	46.6	31.3	1,028,571	51.5	35.9	1,923,251	67.2	933,547	2,962,098	1,731,917	62.26			
1911	973,599	47.5	32.7	1,077,967	52.5	36.3	2,051,556	68.0	921,408	2,972,964	1,738,117	58.46			
1910	893,898	51.1	33.1	854,483	48.9	31.7	1,745,369	64.8	944,360	2,696,729	1,614,051	59.35			
1909	791,597	43.2	31.3	851,083	51.8	32.6	1,642,680	64.9	860,299	2,502,979	1,552,550	58.37			
1908	914,611	57.0	36.9	689,709	43.0	27.8	1,604,310	64.7	874,796	2,479,106	1,771,329	71.45			
1906	866,411	56.2	43.8	676,503	43.8		1,542,914								
Wilkes-Barre & Eastern R. R. Co.															
1913	593,746	85.9	85.0	92,593	14.1	14.0	666,249	99.0	6,895	663,144	403,295	60.82			
1912	538,535	87.9	87.0	76,627	12.1	12.0	635,162	99.0	6,937	641,549	441,644	68.81			
1911	613,196	88.9	88.1	76,438	11.1	11.0	689,633	99.1	6,717	696,750	427,055	61.38			
1910	591,965	90.4	89.3	62,683	9.6	9.5	654,648	99.3	4,708	659,314	486,465	73.78			
1909	570,676	89.9	88.5	64,076	10.1	9.9	634,752	98.4	10,365	645,117	464,243	71.98			
1908	604,569	89.6	88.1	70,497	10.4	10.3	675,366	98.4	10,692	686,058	560,063	80.18			
1906	514,631	91.1		50,388	8.9		565,049								
New York, Ontario & Western Ry. Co.															
1913	4,631,871	63.6	49.2	2,659,256	36.4	28.1	7,311,127	77.3	2,143,222	9,454,349	6,499,040	68.74			
1912	3,843,953	58.7	45.1	2,701,515	41.3	31.7	6,545,777	76.8	1,682,167	8,227,944	6,508,641	79.32			
1911	4,677,552	62.8	46.4	2,721,732	37.2	29.3	7,318,964	78.7	1,676,748	9,205,702	6,831,919	76.32			
1910	3,908,739	53.9	45.5	2,746,896	41.3	32.0	6,496,635	77.5	1,629,148	8,378,783	6,862,147	83.56			
1909	3,875,553	58.7	44.8	2,590,416	40.1	31.2	6,465,999	78.0	1,824,171	8,290,170	5,943,102	68.07			
1908	3,777,751	60.4	46.5	2,477,438	39.6	30.5	6,253,293	77.0	1,866,285	8,121,494	5,430,329	66.74			
1905	3,380,949	60.2		2,237,540	39.8		5,618,383								
1907	2,223,464	55.0		1,746,650	44.0		3,970,114								
1909	1,061,510	12.7		1,126,213	87.3		1,288,723								

Pennsylvania R. R. Co.:

Pennsylvania R. R. Co.:									
	1913	1914	1915	1916	1917	1918	1919	1920	1921
Revenue	8,551,317	7,813,214	7,813,214	7,813,214	7,813,214	7,813,214	7,813,214	7,813,214	7,813,214
Operating expenses	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Operating income	2,346,429	2,121,318	2,121,318	2,121,318	2,121,318	2,121,318	2,121,318	2,121,318	2,121,318
Depreciation	17.6	16.9	16.9	16.9	16.9	16.9	16.9	16.9	16.9
Income before taxes	2,364,038	2,104,429	2,104,429	2,104,429	2,104,429	2,104,429	2,104,429	2,104,429	2,104,429
Taxes	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4	18.4
Net income	2,345,854	2,086,045	2,086,045	2,086,045	2,086,045	2,086,045	2,086,045	2,086,045	2,086,045
Dividends	1,750,124	1,750,124	1,750,124	1,750,124	1,750,124	1,750,124	1,750,124	1,750,124	1,750,124
Retained earnings	595,730	335,921	335,921	335,921	335,921	335,921	335,921	335,921	335,921
Assets	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Liabilities	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Capital stock	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Reserves	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Operating expenses	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Operating income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Depreciation	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Income before taxes	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Taxes	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Net income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Dividends	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Retained earnings	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Assets	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Liabilities	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Capital stock	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Reserves	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Operating expenses	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Operating income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Depreciation	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Income before taxes	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Taxes	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Net income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Dividends	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Retained earnings	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Assets	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Liabilities	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Capital stock	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Reserves	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Operating expenses	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Operating income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Depreciation	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Income before taxes	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Taxes	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Net income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Dividends	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Retained earnings	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Assets	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Liabilities	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Capital stock	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Reserves	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Operating expenses	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Operating income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Depreciation	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Income before taxes	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Taxes	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Net income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Dividends	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Retained earnings	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Assets	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Liabilities	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Capital stock	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Reserves	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Operating expenses	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Operating income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Depreciation	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Income before taxes	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Taxes	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Net income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Dividends	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Retained earnings	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Assets	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Liabilities	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Capital stock	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Reserves	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Operating expenses	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Operating income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Depreciation	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Income before taxes	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Taxes	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Net income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Dividends	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Retained earnings	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Assets	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Liabilities	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Capital stock	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Reserves	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Operating expenses	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Operating income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Depreciation	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Income before taxes	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Taxes	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2	78.2
Net income	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Dividends	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583	133,062,583
Retained earnings	133,062,583	133,062,583	133,062,583	133,062,583	133,062,5				

..... Northern Central Ry. Co.:.

[illegible]

Switching tons, mileage, and revenue included 1906 and prior years.

For year ended December 31,

Records not in existence from which details could be procured. Company material carried free not

and other freight transported by the roads summed during the years ended June 30.

[illegible]

Year	8,531,317	6.4	4.7	124,501,216	93.6	68.5	133,052,533	73.2	48,778,370	181,830,903	133,755,027	73.56
1913	7,813,214	6.6	4.8	111,122,093	93.4	67.7	119,005,820	72.5	45,186,026	164,191,846	118,086,295	71.93
1912	8,831,022	7.8	5.6	104,871,991	92.2	66.7	113,735,013	72.3	43,599,094	157,234,107	113,437,407	72.15
1911	9,238,034	7.0	5.1	110,171,748	93.0	68.9	118,410,382	74.0	41,550,424	159,960,806	109,890,246	68.70
1910	7,673,855	7.6	5.6	92,682,305	92.4	66.9	100,356,160	72.5	38,092,959	138,449,119	97,107,731	70.14
1909	8,733,222	8.1	5.9	99,636,696	91.9	66.7	108,389,918	72.6	40,966,994	149,356,913	107,670,569	72.00
1908	8,185,731	7.8		97,408,984	92.2		105,594,764					
1907							90,709,361					
1906							57,906,361					
1905							45,632,959					
1904							29,750,292					
1903	2,340,420	23.5	17.6	7,618,890	76.5	57.1	9,965,319	74.7	3,369,623	13,334,942	11,368,578	85.25
1912	2,121,318	22.4	16.9	7,942,955	77.6	58.5	9,464,273	75.4	3,084,394	12,548,667	10,911,937	86.96
1911	2,360,412	24.1	18.4	7,474,240	75.9	58.1	9,843,672	76.5	3,024,488	12,868,160	11,033,677	85.74
1910	2,125,010	21.5	16.7	7,760,232	78.5	61.0	9,894,262	77.7	2,838,419	12,732,681	9,988,906	78.46
1909	2,059,408	23.6	18.1	6,765,318	76.4	58.6	8,852,726	76.7	2,682,179	11,534,905	9,070,141	78.63
1908	2,257,388	23.7	18.4	7,281,136	76.3	59.1	9,548,524	77.5	2,773,783	12,322,307	9,695,484	78.44
1907	1,730,124	20.2		6,536,765	79.8		8,568,589					
1906							8,059,215					
1905							6,065,475					
1904							5,061,165					
1903							4,131,008					

1 Switching tons, mileage, and revenue included 1906 and prior years. Records not in existence from which details could be procured.

2 For year ended December 31.

3 Switching tons, mileage, and revenue included 1906 and prior years. Records not in existence from which details could be procured. Company material carried free not included.

TABLE VII.—Statement of tonnage, ton-mileage, etc., of anthracite coal and other freight transported by the roads named during the years ended June 30, indicated.

[Based on answers to questions in Interstate Commerce Commission's orders dated December 28, 1912, and October 4, 1913, in Docket 4914, Anthracite Coal Investigation.]

	Tonnage (net).				Ton-mileage (net).				Average receipts per (net) ton per mile.							
	Anthracite coal.		Other freight.		Anthracite coal.		Other freight.		Anthracite coal.		All freight.					
	Number of tons.	Ratio to total tonnage.	Number of tons.	Ratio to total tonnage.	Ton-miles.	Ratio to total.	Ton-miles.	Ratio to total.	Anthracite coal.	Other freight.	All freight.	Average haul per (net) ton.				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
Central R. R. Co. of New Jersey:																
1913.....	10,783,014	Per ct.	31.523, 425, 208	68.534, 208, 322	Per ct.	1,204,222,211	48.5	1,276,065,781	51.5	2,489,287,992	8.37	9.26	8.82	111.08	64.66	72.66
1912.....	9,574,582		30.721,615, 942	69.331, 188, 374		1,014,926,361	45.9	1,196,373,396	54.1	2,210,296,757	8.06	9.07	8.61	104.00	55.80	70.86
1911.....	9,265,913		31.420, 266, 477	68.629, 621, 300		1,028,474, 568	47.8	1,124,965, 063	52.2	2,153,459, 611	7.86	9.18	8.56	111.11	58.51	72.94
1910.....																
1909.....	8,007,406		35.114, 836, 023	64.922, 843, 429		980,136,321	52.6	883,557,896	47.4	1,863,694,187	8.09	8.68	8.37	122.40	59.56	81.68
1908.....	6,252,623		38.510, 004, 193	61.516, 256, 821		675,928,108	53.1	598,128,461	46.9	1,274,054,567	8.81	9.88	9.31	103.10	59.78	78.37
1907.....	7,463,529		53.806, 401, 801	46.213, 866, 330		664,865,379	66.7	342,040,924	34.3	996,906,303	10.37	11.56	10.71	87.74	53.43	71.99
Philadelphia & Reading Ry. Co.:																
1913.....	14,403,303		24.444, 699, 706	75.639, 003, 009		1,514,318,773	25.8	4,362,131,457	74.2	5,876,450,290	8.82	6.34	6.96	106.14	97.81	99.69
1912.....	12,571,968		24.239, 294, 760	75.851, 866, 669		1,842,433,070	26.0	3,819,857,211	74.0	5,162,300,281	8.60	6.28	6.88	100.78	97.21	99.83
1911.....	12,241,166		24.338, 060, 694	75.750, 331, 760		1,285,589,671	26.0	3,667,323,462	74.0	4,952,913,133	9.06	6.44	7.12	106.02	96.28	98.40
1910.....																
1909.....	13,472,964		31.728, 981, 744	68.342, 454, 738		1,360,744,700	33.8	2,670,523,650	66.2	4,031,273,350	9.09	6.68	7.49	101.00	92.15	94.96
1908.....	11,963,263		38.319, 276, 502	61.731, 229, 766		1,180,469,530	41.5	1,665,067,570	58.5	2,846,597,101	8.09	6.96	7.42	93.76	86.88	91.12
Delaware, Lackawanna & Western R. R. Co.:																
1913.....	10,403,262		41.914, 429, 628	58.124, 833, 198		1,990,776,060	46.5	2,266,254,379	53.5	4,277,030,439	7.40	6.51	6.92	191.86	138.44	172.28
1912.....	9,067,463		42.812, 132, 628	57.221, 220, 261		1,701,576,159	47.1	1,907,645,144	52.9	3,606,221,303	7.46	6.78	7.06	157.34	137.23	170.06
1911.....	10,266,570		47.711, 304, 076	52.291, 603, 949		1,929,304,584	52.5	1,746,000,043	47.5	3,676,304,577	7.53	7.01	7.28	157.38	154.46	170.13

TABLE VII.—Statement of tonnage, ton-mileage, etc., of anthracite coal and other freight transported by the roads named during the years ended June 30, indicated—Continued.

[Based on answers to questions in Interstate Commerce Commission's orders dated December 28, 1912, and October 4, 1913, in Docket 4914, Anthracite Coal Investigation.]

Tonnage (net).										Ton-mileage (net).										Average receipts per (net) ton per mile.				Average haul per (net) ton.			
Anthracite coal.				Other freight.				Anthracite coal.				Other freight.				Anthracite coal.		Other freight.		Anthracite coal.		Other freight.					
Number of tons.		Ratio to total tonnage.		All freight.		Ratio to total.		Ton-miles.		Ratio to total.		Ton-miles.		Ratio to total.		All freight.		Anthracite coal.		Other freight.		Anthracite coal.		Other freight.			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)		
Elks R. R. Co.:																											
1913.....	10,135,940	25.3	22,981,046	74.7	40,023,896	32.3	Per cent.	4,507,501,099	67.7	6,661,482,449	67.7	Per cent.	4,507,501,099	67.7	6,661,482,449	67.7	6,661,482,449	67.7	6,661,482,449	67.7	6,661,482,449	67.7	6,661,482,449	67.7	6,661,482,449	67.7	
1912.....	9,113,862	25.6	20,430,758	74.4	38,544,620	28.9	74.4	4,178,508,676	71.1	5,876,565,722	71.1	71.1	4,178,508,676	71.1	5,876,565,722	71.1	5,876,565,722	71.1	5,876,565,722	71.1	5,876,565,722	71.1	5,876,565,722	71.1	5,876,565,722	71.1	
1911.....	8,703,669	25.1	19,926,628	76.9	37,630,297	30.1	76.9	3,847,666,806	69.9	5,506,905,611	69.9	69.9	3,847,666,806	69.9	5,506,905,611	69.9	5,506,905,611	69.9	5,506,905,611	69.9	5,506,905,611	69.9	5,506,905,611	69.9	5,506,905,611	69.9	
1910.....	7,068,120	23.0	15,703,613	77.0	30,791,733	27.0	77.0	3,327,074,109	73.0	4,556,960,900	73.0	73.0	3,327,074,109	73.0	4,556,960,900	73.0	4,556,960,900	73.0	4,556,960,900	73.0	4,556,960,900	73.0	4,556,960,900	73.0	4,556,960,900	73.0	
1909.....	3,488,719	64.7	1,899,649	35.3	5,388,368	64.7	64.7	54,557,821	33.3	183,925,952	33.3	33.3	54,557,821	33.3	183,925,952	33.3	183,925,952	33.3	183,925,952	33.3	183,925,952	33.3	183,925,952	33.3	183,925,952	33.3	
1908.....	3,304,116	64.9	1,784,970	35.1	5,089,086	64.4	64.4	53,377,556	33.6	183,713,746	33.6	33.6	53,377,556	33.6	183,713,746	33.6	183,713,746	33.6	183,713,746	33.6	183,713,746	33.6	183,713,746	33.6	183,713,746	33.6	
1907.....	2,849,189	61.7	1,769,125	38.3	4,618,314	70.7	70.7	49,246,318	30.3	168,027,370	30.3	30.3	49,246,318	30.3	168,027,370	30.3	168,027,370	30.3	168,027,370	30.3	168,027,370	30.3	168,027,370	30.3	168,027,370	30.3	
1906.....	2,063,459	67.4	997,043	32.6	3,060,502	76.5	76.5	31,221,380	22.5	132,944,969	22.5	22.5	31,221,380	22.5	132,944,969	22.5	132,944,969	22.5	132,944,969	22.5	132,944,969	22.5	132,944,969	22.5	132,944,969	22.5	
Wilkes-Barre & Eastern R. R. Co.																											
1913.....	1,305,662	80.9	308,138	19.1	1,613,800	86.8	86.8	10,565,005	13.7	77,208,319	13.7	13.7	10,565,005	13.7	77,208,319	13.7	77,208,319	13.7	77,208,319	13.7	77,208,319	13.7	77,208,319	13.7	77,208,319	13.7	
1912.....	1,380,000	82.9	274,465	17.1	1,654,465	87.1	87.1	9,829,660	12.9	76,998,359	12.9	12.9	9,829,660	12.9	76,998,359	12.9	76,998,359	12.9	76,998,359	12.9	76,998,359	12.9	76,998,359	12.9	76,998,359	12.9	
1911.....	1,632,571	87.2	224,520	12.8	1,857,091	90.5	90.5	7,831,173	9.5	82,029,548	9.5	9.5	7,831,173	9.5	82,029,548	9.5	82,029,548	9.5	82,029,548	9.5	82,029,548	9.5	82,029,548	9.5	82,029,548	9.5	
1910.....	1,160,351	86.3	183,871	13.7	1,344,222	90.8	90.8	6,251,564	9.2	67,642,111	9.2	9.2	6,251,564	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	
1909.....	1,160,351	86.3	183,871	13.7	1,344,222	90.8	90.8	6,251,564	9.2	67,642,111	9.2	9.2	6,251,564	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	
1908.....	1,160,351	86.3	183,871	13.7	1,344,222	90.8	90.8	6,251,564	9.2	67,642,111	9.2	9.2	6,251,564	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	67,642,111	9.2	

New York, Ontario & Western N.Y.	1903	4,501,295	70.2	1,908,322	29.8	6,409,817	719,388,743	77.1	213,885,081	32.9	933,144,824	6.47	12.43	7.83	159.80	112.05	145.58
	1904	3,794,171	63.6	2,190,323	36.2	5,944,499	630,418,521	73.0	232,264,621	27.0	893,683,142	6.10	11.58	7.58	168.15	108.48	145.29
	1910	3,443,130	60.6	2,237,631	39.4	5,680,781	576,781,211	69.1	238,885,889	36.9	837,672,900	6.74	10.61	7.94	168.10	115.69	147.48
	1908																
	1905	3,141,240	67.0	1,544,000	33.0	4,685,350	513,904,722	73.9	181,539,355	28.1	695,332,579	6.58	12.83	8.08	163.59	117.56	
	1906	3,137,533	64.1	1,259,053	39.9	3,416,608	350,382,902	73.0	136,000,338	28.0	480,427,640	6.35	12.84	8.16	162.40	108.08	142.37
	1890	3,259,279	63.5	636,279	45.5	935,558	19,409,558	18.7	84,473,795	81.3	103,883,353	8.42	13.32	12.41	58.94	134.88	108.71
	1907																
	1909																
	Pennsylvania R. R. Co.	1913	11,019,787	7.7	131,545,444	92.3	142,565,231	1,427,845,221	6.3	21,385,727,059	93.7	23,813,572,280	5.99	5.82	5.83	129.87	162.57	190.02
	1912	10,740,296	8.5	115,307,949	91.5	125,947,345	1,384,992,567	6.8	19,127,530,249	93.2	20,512,522,816	5.64	5.81	5.80	128.95	163.03	162.86
	1910	10,665,832	8.8	110,484,019	91.2	121,152,871	1,500,985,461	7.4	18,904,968,296	92.6	20,405,956,757	5.49	5.83	5.80	140.69	171.11	165.43
	1908																
	1906	10,590,851	9.4	102,201,334	90.6	112,892,185	1,491,953,469	8.3	10,401,501,537	91.7	17,953,455,008	5.49	5.92	5.88	141.27	160.91	159.07
	1905	9,799,833	9.7	90,417,219	90.3	100,187,052	1,509,307,822	8.9	10,729,729,721	91.1	15,007,739,721	5.49	6.05	6.05	149.80	149.80	
	1904	10,092,875	12.5	99,970,792	87.5	79,973,667	1,491,414,817	11.4	11,491,414,817	89.6	13,436,600,000	5.04	5.04	5.04	143.69	143.69	
	1891	7,245,512	14.5	62,602,841	85.5	49,548,553	6,908,119,896	6.1	6,908,119,896	93.8	538,558,000	9.03	9.03	9.03	135.58	135.58	
	1880	4,1,871,880	14.9	922,179,211	85.1	927,399,175	3,292,991,330	77.1	1,644,688,280	5.64						130.19	
Northern Ry. Co.	1913	6,183,035	25.0	17,614,890	74.0	23,707,925	389,817,083	22.7	1,327,699,629	77.3	1,717,513,712	6.02	5.74	5.80	68.05	75.37	72.17
	1912	5,776,893	25.6	16,090,088	73.5	21,776,931	366,393,417	22.7	1,244,291,927	77.3	1,610,685,344	5.79	5.90	5.87	63.42	77.76	73.96
	1911																
	1910	5,816,663	25.6	16,090,032	73.4	21,906,755	376,418,760	22.9	1,268,299,500	77.1	1,644,688,280	5.64	6.12	6.01	64.71	78.82	75.07
	1908																
	1906	4,745,331	22.9	15,947,105	77.1	20,692,436	277,840,838	20.5	1,078,032,589	79.5	1,355,878,423	6.29	6.34	6.32	58.55	67.60	65.52
	1905	5,034,395	27.5	13,303,833	72.5	15,338,295	277,840,838	20.5	1,225,501,340	79.5	1,355,878,423	6.29	6.34	6.32	58.55	67.60	65.52
	1900	5,290,222	29.2	12,689,789	70.8	17,911,991	277,840,838	20.5	1,225,501,340	79.5	1,355,878,423	6.29	6.34	6.32	58.55	67.60	65.52
	1890	3,221,945	27.1	8,677,362	72.9	11,899,307	835,600,181	6.05	835,600,181	70.22						70.22	
	1880																48.82

Switching tons, mileage and revenue, included 1906 and prior years. Records not in existence from which details could be procured.

* For year ended December 31.

Tonnage duplicated. This company had three grand divisions and if a ton of freight moved over all three divisions it was considered 3 tons in 1880.

* Based on 26,051,091 tons which excludes the tonnage mentioned in note 5.

* Includes 1,348,082 tons moved over Delaware & Raritan Canal, of which no detail is available.

* Switching tons, mileage, and revenue included 1906 and prior years. Records not in existence from which details could be procured. Company material carried free not included.

INVESTIGATION AND SUSPENSION DOCKET No. 344.
COAL RATES FROM OAK HILLS, COLO.

Submitted May 5, 1915. Decided July 10, 1915.

This proceeding is supplementary to that reported in 30 I. C. C., 505. The carriers having published the joint rates therein fixed by the Commission failed to agree upon the divisions thereof. The initial line thereupon petitioned the Commission to make an order prescribing the just and reasonable divisions of such joint rates to be received by each carrier party thereto. Divisions prescribed.

A. L. Vogl, Carle Whitehead, T. S. Dines, and T. S. Dines, jr.,
for Denver & Salt Lake Railroad Company.

W. T. Hughes and W. F. Dickinson for Chicago, Rock Island & Pacific Railway Company.

**SUPPLEMENTAL REPORT OF THE COMMISSION ON PETITION TO PRESCRIBE
DIVISIONS.**

BY THE COMMISSION:

Our original report herein, 30 I. C. C., 505, required the establishment, September 1, 1914, of joint rates on bituminous coal from Oak Hills, Colo., on the Denver & Salt Lake Railroad, hereinafter called the Moffat road, through Denver, to stations on the Chicago, Rock Island & Pacific Railway, hereinafter called the Rock Island, in Kansas, Nebraska, and Missouri. The rates prescribed were on the basis of the rates then in effect from the Walsenburg, Colo., coal district by way of Pueblo and the Rock Island to the same destinations. The report concluded as follows:

It is the expectation of the Commission that the Moffat road and the Rock Island will be able to agree upon divisions of such rates. No opinion is expressed here as to the reasonableness of the divisions which the Rock Island asks east of Denver, nor of the divisions which the Moffat road offers to the Rock Island.

The carriers concerned were unable to agree upon the divisions and the Moffat road instituted this proceeding to obtain a supplemental order prescribing the just and reasonable divisions of such joint rates.

These joint rates are substantially the same as the rates from Walsenburg and Oak Hills to destinations on the lines of the Burlington and Union Pacific systems in adjacent territory. The points of destination are grouped and the rates range from \$3 to \$3.75 per ton, being on lump coal usually somewhat higher than on the lower grades. The Moffat road proposes divisions that will give it as

much as \$1.30 per ton on lump coal, \$1.40 per ton on the lower grades, including slack, and not less than \$1.213 per ton on any grade. Since the rates from the Walsenburg and Oak Hills districts are the same to stations on the Union Pacific, Burlington, and Rock Island roads, and the divisions received by the originating lines for their hauls from both districts to Denver are substantially the same to Union Pacific and Burlington stations, the Moffat road contends that it is unreasonable for the Rock Island to demand divisions that result in lower revenues to the Moffat road than accrue to it on coal which it delivers at Denver to other carriers. The Rock Island replies that the circumstances relative to the divisions of the joint rates on coal that moves from Denver via the Union Pacific and the Burlington differ from those which obtain on coal from Denver over the Rock Island in that the Union Pacific and the Burlington receive the coal from both districts only at Denver, whereas the Rock Island receives Oak Hills coal at Denver and Walsenburg coal at Pueblo, 118 miles south of Denver. Since the coals produced in the two fields named are alike, and may replace each other, the Rock Island demands divisions out of the Oak Hills rates based on the ton-mile revenue it receives on Walsenburg coal applied to its mileage from Denver.

The Moffat road operates its own line from the Oak Hills district to Denver, where it has no direct track connections with the Rock Island, and absorbs a switching charge of 20 cents per ton for deliveries to the Rock Island. It formerly paid a similar charge for switching to the Union Pacific until a direct connection was established. The Rock Island extends eastward from Colorado Springs, crossing the Union Pacific at Limon, 79 miles distant. Formerly its route from Limon to Denver was via Colorado Springs and the Denver & Rio Grande, a haul of 154 miles. During recent years it has used the rails of the Union Pacific from Limon direct to Denver, 89 miles. The Rock Island, however, not only pays wheelage to the Union Pacific for the actual use of its tracks but also to the Denver & Rio Grande for the constructive use of its tracks between Denver and Colorado Springs, 75 miles, on all Denver traffic that it handles. *Rock Island Railway v. Rio Grande Railroad*, 143 U. S., 596. The Rock Island enters Pueblo over the rails of the Denver & Rio Grande, paying wheelage charges for the 44 miles from Colorado Springs.

Coal from Walsenburg is received by the Rock Island at Pueblo after a haul of about 68 miles by the initial lines and is moved thence to Limon, 123 miles from Pueblo, 191 miles from Walsenburg. Coal from the Oak Hills district is carried by the Moffat road 197 miles to Denver, and by the Rock Island to Limon, 286 miles from Oak Hills, 95 miles more than from Walsenburg. The Rock Island's service eastward from Limon is the same whether the coals originate

at Oak Hills or Walsenburg. Coal from the Oak Hills district begins to move over the Rock Island's own rails only at Limon. On such coal the Rock Island pays wheelage from Denver to Limon, 164 miles, including constructive mileage over the Denver & Rio Grande. On coal from Walsenburg it pays wheelage for only 44 miles from Pueblo to Colorado Springs. The Rock Island urges that because it has its own rails to Colorado Springs and receives Walsenburg traffic at Pueblo it occupies a strategic position relative to the Walsenburg field, and that its position and the revenues resulting from it should be considered.

The Moffat road's local rates from Oak Hills to Denver are \$1.60 per ton on lump coal, \$1.40 on other kinds of coal. It has never demanded of the Rock Island more than \$1.336 as its share of the joint rates on lump coal to interstate points, and now demands only \$1.30 per ton, except on slack coal. In some instances the divisions demanded on slack coal are as high as the Moffat road's local rates. The divisions of the rates on lump published by the Moffat road in its I. C. C. No. 5, effective August 18, 1913, were entirely satisfactory to it. They were practically the same as the divisions now demanded, ranging from \$1.336 to \$1.201 per ton and averaging about \$1.25 per ton. Some of the reductions effected by the present rates amounted to 43 cents per ton. The divisions demanded of the present rates therefore are relatively higher than the former divisions. The ratios of the former divisions to the rates divided, if applied to the present rates on lump coal to points as far east as the Missouri River and as far south as Dwight, Kans., would give the Moffat road from \$1.21 to \$1.11 per ton, or an average of \$1.162 per ton, to 128 interstate points. The same basis would give the Moffat road from \$1.18 to \$1.03 per ton, or an average of \$1.106 per ton, on run of mine and slack to such points. The average of the divisions so computed on all kinds of coal would amount to \$1.134. The divisions voluntarily established by the Moffat road on coal to 54 destinations involved did not exceed \$1.22 per ton. To one Colorado point the Moffat road's division was \$1.154. To certain Colorado points served by the Union Pacific it was and still is \$1.20. This \$1.20 division specifically assumes 20 cents per ton for switching at Denver, which the Moffat road no longer pays on Union Pacific business. The \$1.154 division described involved the absorption of a 20 cents per ton switching charge.

The services performed by the Moffat road from Oak Hills to Denver are the same on all grades of coal and cost no more when delivery is made to the Rock Island at Denver than when delivery formerly was made to the Union Pacific. The \$1.154, \$1.20, and \$1.22 divisions referred to represent revenues acceptable to the Moffat

road. It accepts or is willing to accept divisions not exceeding \$1.22 out of the rates to 25 out of 41 competitive points involved. The joint rates from the Oak Hills district to Rock Island stations have benefited the Moffat road more than the Rock Island, as the Rock Island obtained an ample supply of coal from the Walsenburg fields before the Oak Hills district was opened. The equalization of the rates from the Oak Hills and Walsenburg fields to Rock Island points was welcomed by the initial line but was vigorously opposed by the delivering carrier. On the other hand, we are urged to consider the mountainous character of the country through which the Moffat road runs and the switching charge which it at present absorbs in delivering coal to the Rock Island.

Upon all of the facts of record we find that the Moffat road is entitled to divisions on coal, soft, all kinds but nut, slack, and pea, of \$1.18 per ton, and on coal, soft, nut, slack, and pea, of \$1.12 per ton, on shipments to all destinations on the line of the Rock Island in Kansas, Nebraska, and Missouri shown in Moffat road tariff I. C. C. No. 20.

The Moffat road attempted at the hearing to broaden the scope of the proceeding to include an inquiry with respect to the divisions on run of mine and slack coal under its tariff I C. C. No. 5, but without amending its petition. The question thus raised is not properly before us and will not be considered at this time. We may suggest, however, but without prejudice to future action, that one method of dividing the rates would be to apply the percentage received by the Moffat road on lump coal to the rates on run of mine and slack coal to the same stations with the divisions to the Moffat road on lump coal as maxima.

This report deals with a particular case. It refers only to the relations between the Moffat road and the Rock Island lines on a particular commodity and is not intended for application to other commodities or to the relations of the Moffat road, the Rock Island, or both, with other roads. The divisions received by the initial lines in the Walsenburg district, on coal delivered to the Rock Island at Pueblo, while not as large as the constant divisions herein found reasonable for the Moffat road in connection with the Rock Island at Denver, yield much higher returns per ton-mile. We have not considered them sufficiently high to measure the divisions which the Moffat road should receive for its haul from Oak Hills to Denver. The divisions and revenues herein found reasonable for the Moffat road's services in connection with the Rock Island should not be used to measure the divisions of the carriers serving the mines at Walsenburg on coal delivered to other carriers at Pueblo or at Denver, or its own in connection with other carriers. An order will be entered accordingly.

No. 4800.

SLOSS-SHEFFIELD STEEL & IRON COMPANY ET AL
v.
LOUISVILLE & NASHVILLE RAILROAD COMPANY
ET AL.

Submitted June 21, 1915. Decided July 22, 1915.

On the evidence of record, following the principle of our original report in this case, 30 I. C. C., 597; *Held*:

1. The rates on pig iron in carloads from points in Alabama and Tennessee to points reached by defendants' lines in central freight association territory, to which pig-iron rates were not reduced on October 1, 1914, are unreasonable. Reasonable rates prescribed for the future.
2. Divisions of such rates between the carriers operating north and those operating south of the Ohio River, prescribed.

W. A. Wimbish for complainants.

W. W. Collin, jr., and E. S. Ballard for Central Freight Association carriers.

W. C. Coleman for Baltimore & Ohio Railroad Company.

W. A. Northcutt for Louisville & Nashville Railroad Company and other southern carriers.

L. B. Boswell for Quincy Freight Bureau, intervener.

A. M. Campbell for Milwaukee Metal Trades & Founders' Association, intervener.

C. P. Hackett for United States Radiator Corporation, intervener.

F. B. James for American Rolling Mill Company, intervener.

SUPPLEMENTAL REPORT OF THE COMMISSION.

McCHORD, Chairman:

The original complaint brought in issue the reasonableness of rates on pig iron in carloads from producing points in Alabama and Tennessee to Ohio River crossings and to points in central freight association, trunk line, and New England territories. Birmingham, Ala., was taken as representative of Alabama producing points, and Chattanooga, Tenn., as representative of Tennessee producing points. Louisville, Ky., was considered as typical of the Ohio River crossings

and Chicago as illustrative of central freight association territory. The same method is followed here. Rates are given per gross ton unless otherwise stated.

At the time the original complaint was filed rates were in effect from the Birmingham district of \$3 to Louisville and \$4.35 to Chicago. From the Chattanooga district the rates were certain differentials under the Birmingham rates. From other Alabama and Tennessee points the rates bore fixed relations to the Birmingham and Chattanooga rates.

By decision of June 1, 1914, 30 I. C. C., 597, we found that the rates attacked were unreasonable and that reasonable rates from the Birmingham district to the representative points named should not exceed \$2.65 to Louisville or \$4 to Chicago. To Boston, as typical of the east, a rate of \$4.25, rail and water, was prescribed. We held that the then existing differentials between southern furnaces should not be disturbed, and that the relation of rates to the Ohio River crossings, to points in central freight association territory, and to the east should be maintained. An order was entered in accordance with these findings, which order became effective October 1, 1914.

The carriers operating south of the Ohio River opened negotiations with those operating north of the river, with a view to an agreement upon divisions of the through rates required to be established, but the northern carriers declined to assume any part of the reduction.

Only a few of the carriers in central freight association territory were made parties to the original complaint. In view of that fact, and of the failure to agree upon divisions of the reduced rates, the tariffs when filed under the Commission's order embraced only such points as were reached by the lines parties to the proceeding. Reduced rates to certain named eastern points were also established.

On November 3, 1914, complainants filed a supplemental complaint alleging that the new tariffs were not in compliance with the Commission's decision and order, and asking that such further order be entered as might be required to afford full and complete relief in the premises.

In the meantime, on October 12, 1914, the carriers south of the Ohio River filed a petition asking that the Commission determine what would be just and reasonable divisions of the newly prescribed rates as between them and the carriers north of the river.

The Commission thereupon reopened the case for certain stated purposes, among which were the following:

(1) To further investigate the reasonableness of the rates to points in central freight association territory not covered by the former order though brought in issue in the original complaint.

(2) To fix the proper divisions of the through rates established by the Commission, certain of which rates were published by defendants without agreement as to the divisions thereof.

Rates to points in the east were included in the rehearing, but they are not material to the questions now before us. A large number of additional carriers were made parties defendant. At the rehearing it was agreed by all parties that the rates to central freight association points and the divisions thereof might be settled by the Commission in advance of a decision as to rates to the east. The conditions appearing to make such course proper, we deal in this report only with the western situation.

Petitions of intervention were filed by the American Rolling Mill Company, the United States Radiator Corporation, the Milwaukee Metal Trade & Founders' Association, and the Quincy Freight Bureau. These petitions allege that the rates which were not reduced under the Commission's order of June 1, 1914, are unreasonable, and reparation is asked on shipments since October 1, 1914, the effective date of such order. The complainants filed an amended supplemental petition asking reparation on like shipments.

As to the reasonableness of the rates to points where no reductions were made, further evidence was submitted by complainants and this was supplemented by evidence on behalf of the interveners. The defendants made no effort to justify the relation of rates brought about by reductions to certain points and not to others similarly situated. It was said that like reductions to such other points would have been made but for the failure of the carriers to agree upon divisions. The defendants offered no evidence other than on the question of divisions. The southern carriers stated that their purpose is to reduce the rates to all omitted points, according to the spirit of the Commission's order, as soon as the question of divisions shall be settled.

Upon the facts of record, we are of opinion and find that the rates on pig iron in carloads from the southern producing districts to all points reached by defendants in central freight association territory, to which the through rates were not reduced on October 1, 1914, are and for the future will be unreasonable. Defendants will be required to establish rates from and to the points indicated the maximum of which shall be 35 cents per gross ton less than the rates in effect immediately prior to October 1, 1914. The differentials or relation of rates as between the Alabama and Tennessee furnaces, which existed prior to October 1, 1914, shall be maintained.

We are further of opinion and find that complainants and interveners who made their shipments since October 1, 1914, to points in central freight association territory to which the rates were not

reduced on that date, and who bore the transportation charges thereon, have been damaged to the extent of the difference between the charges paid and charges that would have accrued if the rates herein found reasonable had been applicable, and reparation on that basis will be awarded.

The parties claiming reparation should present statements showing as to each shipment upon which such claim is made the date and route of movement, point of origin and point of destination, weight, car number and initials, rate applied, charges collected, and the amount of reparation due under our findings, which statements should be submitted to defendants for verification. Upon receipt of statements so prepared and verified, the matter will be further considered by the Commission with the view to issuing an order for reparation.

The question of divisions of the rates as between the carriers operating south and those operating north of the Ohio River remains to be considered. It was in effect agreed by both sides that our decision of this question shall govern the divisions of the joint rates to all points reached by defendants in central freight association territory.

The southern carriers publish proportional rates from the producing points to the various Ohio River gateways, and the northern carriers publish proportional rates from the gateways to points beyond. The joint through rates are made up of the proportional rates to and from the direct gateways, though they apply through all gateways.

The rate from Birmingham to Chicago may be taken as illustrative of the general situation. Prior to October 1, 1914, the Chicago rate was \$4.35. The rate established on that date is \$4. The haul by the southern carriers usually extends to the northern bank of the Ohio River. On pig iron from Birmingham to Chicago via Evansville, the divisions prior to October 1, 1914, were \$2.75 for the haul to the north bank of the river, a distance of 366 miles, and \$1.60 for the haul thence to Chicago, a distance of 287 miles. Pending the negotiations above referred to the southern carriers offered to bear 15 cents of the reduction of 35 cents in the through rates, and they now contend that an adjustment on that basis would be just and reasonable. This would be equivalent to \$2.60 of the Chicago rate for the haul to the north bank of the river, and \$1.40 for the haul north of the river.

The northern carriers take the position that no part of the reduction should be borne by them. Their contention is based chiefly on the theory that pig iron from the south displaces pig iron produced at furnaces in their own territory, and therefore does not furnish

them any additional traffic over and above what they would otherwise haul. In view thereof, and of the fact of their strategic position, with respect to traffic that originates in their own territory, they claim to be possessed of equities and of trade advantages which entitle them to larger divisions than they might otherwise reasonably demand.

The contention in part implies an assumption that there is practically no demand for pig iron in the northern markets which could not be supplied from furnaces in central freight association territory. The evidence shows, however, that for many uses, especially in the manufacture of stoves, small castings, and certain kinds of machinery, southern iron is preferred, and that there is considerable demand for it in the northern markets. It commands a ready sale as a mixture for many kinds of iron products. This is true to such an extent that some foundries are quite largely dependent upon it because of its peculiar qualities as distinguished from pig iron from the northern furnaces. It is therefore a matter of general public interest that southern iron should move freely into the northern territories.

The northern lines further contend that, based on the recent decision of the Commission in *The Five Per Cent case*, 31 I. C. C. 351, they are entitled to an increase of 5 per cent in their former divisions. This would make their proportion of the Chicago rate \$1.68 instead of \$1.60.

For many years prior to 1907 the through rates on pig iron from the southern furnaces varied with the price of the commodity. When the price advanced the rates were advanced; when the price fell the rates were reduced. These fluctuations were chiefly reflected in the varying divisions to the lines south of the Ohio River. There were some fluctuations north of the river, but it is claimed they were due to varying rate adjustments throughout central freight association territory.

In support of the divisional basis proposed by the southern lines it was shown that the last advance in their proportion of the Chicago rate, for example, in April, 1907, was from \$2.50 to \$2.75, and that the last advance by the northern lines, in February, 1907, was from \$1.40 to \$1.60. These advances resulted in an increase of 45 cents in the through rate. As 35 cents of this increase was wiped out by our decision of June 1, 1914, the southern lines say it would be but just and reasonable that the division to the northern lines be restored to \$1.40, as it formerly existed. But we are not convinced that an apportionment on such basis would be fair to the northern lines.

Nor can we accept the proposition of the northern lines that no part of the reduction in the through rates should be borne by them. In our decision of June 1, 1914, we found that the proportionals both north and south of the Ohio River, which made up the through rates, should be revised so as to make reasonable through rates. The record of the original hearing fully justified such finding, and no effort was made by any of the carriers at the rehearing to show that it was wrong. It follows that in a readjustment of the through rates to meet the requirements of our former order, some shrinkages in the proportionals both north and south of the river should be made.

In dealing with the question of divisions we have no doubt that it is our duty to take into consideration all circumstances, conditions, and equities affecting either group of the contending carriers in so far as necessary to enable us to arrive at a fair and reasonable adjustment. It can not be reasonably questioned that because of their strategic position the northern lines possess advantages with respect to this pig-iron traffic which should be recognized.

The divisions which obtained for a number of years prior to October 1, 1914, are shown of record, and we think furnish very persuasive evidence as to what the divisions of the new rates should be. The following table shows the through rates and the divisions from Birmingham to Chicago via Evansville, together with the changes in the rates and divisions from September 15, 1902, to October 1, 1914, the effective date of our original order:

	Through rate.	Divisions.			Through rate.	Divisions.	
		South.	North.			South.	North.
Sept. 15, 1902.....	\$4.15	\$2.75	\$1.40	July 1, 1904.....	\$3.65	\$2.05	\$1.60
Jan. 1, 1903.....	4.35	2.75	1.60	July 11, 1904.....	3.65	2.25	1.40
Oct. 10, 1903.....	3.85	2.25	1.60	Mar. 1, 1906.....	3.90	2.50	1.40
Mar. 20, 1904.....	3.50	1.90	1.60	Feb. 1, 1907.....	4.10	2.50	1.60
Apr. 1, 1904.....	3.85	2.25	1.60	Apr. 1, 1907.....	4.35	2.75	1.60
Apr. 25, 1904.....	3.65	2.25	1.40	June 1, 1914.....	4.35	2.75	1.60

It is observed that the through rates have ranged from \$3.50 to \$4.35. The divisions have also fluctuated in amounts. To the southern lines they have ranged from \$1.90 to \$2.75, and to the northern lines from \$1.40 to \$1.60. As already stated the frequent changes in the through rates were due to varying prices of pig iron in the markets. This in part explains the changes in the divisions.

In exhibits showing divisions of the through rates in the past via the several gateways, the southern lines deduct a bridge charge of 10 cents per gross ton. The bridges at Louisville are practically controlled by the northern lines, and those at Cincinnati and Evansville are owned by the southern lines. To effect delivery at the north

bank of the river through the Louisville gateway the southern lines are required to absorb a bridge charge of 10 cents per gross ton. They likewise bear the expense incident to crossing the river at the other gateways. We gather from the record that this expense is substantially the same at all the gateways. It would seem but just and reasonable, therefore, that in determining a basis for the apportionment of the through rates between the carriers north and south of the river account should be taken of this bridge charge. An analysis of the above table, with the bridge charge deducted, will show that the average division to the southern lines on Chicago shipments was \$2.31, or 60.1 per cent of the through rates, and that the average division to the northern lines was \$1.53, or 39.9 per cent of the through rates.

The southern lines' exhibits show the through rates and divisions prior to October 1, 1914, from the several producing districts to Chicago, Ill., Cleveland, Ohio, Columbus, Ohio, Indianapolis, Ind., Decatur, Ill., Hamilton, Ohio, Terre Haute, Ind., Logansport, Ind., and Sandusky, Ohio. To these destinations, except Cleveland, Hamilton, and Sandusky, the exhibits include divisions via all gateways. To the three excepted points the divisions are shown only via Evansville, Louisville, and Cincinnati. This method of arriving at percentages is hardly fair to the northern lines for the reason that in most instances shipments of pig iron move through the direct gateways, whereas the exhibits include all gateways. For instance, the through rate from La Follette, Tenn., to Columbus, Ohio, was \$2.95. The distance from La Follette to Cincinnati is 239 miles, and from Cincinnati to Columbus 116 miles. After deducting the bridge charge, the divisions of the through rate were \$1.80 to the southern lines and \$1.05 to the northern lines. The distance from La Follette to Cairo, Ill., is 492 miles and from Cairo to Columbus 457 miles. On a movement via that gateway the divisions of the \$2.95 rate would be 70 cents to the southern lines and \$2.15 to the northern lines.

We think the estimates of divisional percentages should have been based upon hauls via the direct gateways. Such method would have shown the proportion to the southern lines as 64.7 per cent of the through rates to the 11 destination points above named, and the proportion to the northern lines as 35.3 per cent. The average haul to such points via the direct gateways is 319 miles by the southern lines and 167 miles by the northern lines. The average division of the through rates via the direct gateways prior to October 1, 1914, was \$2.29 to the southern lines and \$1.25 to the northern lines.

The northern lines submitted exhibits showing the through rates and divisions from Birmingham and Chattanooga to 43 points in central freight association territory via the direct gateways. After deducting the bridge charge these exhibits show that of the through

rates from Chattanooga the proportion received by the southern lines was 62.2 per cent and by the northern lines 37.8 per cent. The average haul by the southern lines was 328 miles and by the northern lines 206 miles. The average division of the through rates to the southern lines was \$2.35 and to the northern lines \$1.44. Of the through rates from Birmingham the proportion received by the southern lines was 65.2 per cent and by the northern lines 34.8 per cent. The average haul by the southern lines was 420 miles and by the northern lines 219 miles. The average division of the through rate to the southern lines was \$2.72 and to the northern lines \$1.45.

There is but slight difference in the percentage results via the direct gateways as between the different exhibits, and it is substantially correct to say that the divisions of the through rates less the bridge charge for a number of years prior to October 1, 1914, were on an average basis of 65 per cent to the southern lines and 35 per cent to the northern lines. The same basis applied to the reduction of 35 cents in the through rates would mean that 23 cents of such reduction should be borne by the southern lines and 12 cents by the northern lines.

Exhibits were filed by both sides showing ton-mile earnings under the divisional basis in effect immediately prior to October 1, 1914. under the basis proposed by the southern lines, and under a basis which would recognize the northern lines as entitled to the claimed increase of 5 per cent. These exhibits are not particularly illuminating. The Commission has many times held that owing to different transportation conditions north and south of the Ohio River the southern carriers are entitled to higher ton-mile earnings than are the northern carriers. But the question before us is not what would be reasonable rates north and south of the river, respectively, but what are just and reasonable divisions of the through rates prescribed by the Commission.

We are not impressed by the contention of the northern lines that under *The Five Per Cent case*, *supra*, they are entitled to an increase in their divisions. That case was decided July 29, 1914, some time after the original decision in this case. We found that the carriers in central freight association territory were entitled to an increase of 5 per cent in their intraterritorial class rates and in many of their commodity rates, subject to certain limitations, one of which was that "rates throughout central freight association territory that still are controlled by the force of unexpired orders of this Commission, entered after specific investigation in formal cases," should not be modified.

The rates on pig iron from the southern furnaces to central freight association territory are joint rates published by the southern lines

and concurred in by the northern lines. In our original report these joint rates were found to be unreasonable. Our order ran only against the carriers named as defendants, and therefore did not specifically embrace points not reached by those carriers, and reduced rates were established only to a few points north of the Ohio River. It can not be reasonably questioned, however, that the principle of our conclusion and of the order based thereon extended to all points to which joint through rates were then published. As already pointed out, it was stated at the rehearing that reductions would have been made to all such points in accordance with the spirit of the order if it had not been for the failure to agree upon divisions of such rates north and south of the river. We do not think the decision in *The Five Per Cent case* furnishes any warrant for this contention by the northern lines.

Upon all the facts of record we find that of the amount of the original reduction in the joint through rates, established and to be established, the southern carriers should bear 23 cents and the northern carriers 12 cents. We further find that of the joint through rate of \$4 from Birmingham to Chicago, the lines south of the Ohio River are entitled to and should receive \$2.52, and that the lines north of the Ohio River are entitled to and should receive \$1.48. All other joint through rates on pig iron from the southern furnaces to points reached by defendants' lines in central freight association territory, as well those already reduced under the order effective October 1, 1914, as those herein required to be reduced, should be apportioned between the carriers north and south of the Ohio River on the same basis as named for the Birmingham-Chicago rate.

Orders will be entered in accordance with the conclusions herein announced. In the matter of the divisions of the joint through rates the order will be made effective as of October 1, 1914, the date when the original order took effect.

Matters which relate to the rates on pig iron from the south to trunk line and New England territories, involved in the rehearing, will be disposed of in a later report.

INVESTIGATION AND SUSPENSION DOCKET No. 518.
WITHDRAWAL OF REGULATIONS COVERING CONCENTRATION AND STORAGE OF DAIRY PRODUCTS.

Submitted June 19, 1915. Decided July 24, 1915.

1. Proposed cancellation of rules providing for readjustment of aggregate charges on shipments of dairy products concentrated in transit in western territory justified, and orders of suspension vacated.
2. Proposed cancellation of rules as to storage in transit not justified.

W. F. Dickinson, Charles Donnelly, R. B. Scott, A. P. Humburg, C. S. Berg, T. J. Norton, and C. C. Wright for respondents.

Cassoday, Butler, Lamb & Foster for Live Poultry & Dairy Shippers Traffic Bureau.

H. D. Driscoll for Kansas Carlot Egg Shippers Association and Topeka Traffic Association.

T. F. Chaplin for Missouri Association of Wholesale Dealers in Butter, Eggs, and Poultry, and St. Louis Refrigerating & Cold Storage Company.

W. S. Priebe for National Poultry and Egg Association.

M. S. Hartman, Grant Thornberg, and S. C. Bates for various interested shippers.

REPORT OF THE COMMISSION.

DANIELS, Commissioner:

For many years certain western lines have published special rules and regulations with regard to shipments of dairy products, which includes butter, eggs, and poultry. These may be divided into two general groups: (1) Rules providing for the readjustment of aggregate charges on these products shipped in less-than-carload quantities from points of origin in Nebraska, Kansas, Oklahoma, Missouri, and the northwestern corner of Arkansas, to concentration points, and thence in carload lots to the Mississippi River crossings and points east thereof, and to Pacific coast terminals; (2) rules providing that the through carload rate from point of origin to point of ultimate destination, plus a charge, usually \$5 per car, will be protected on carload shipments of these commodities stored in transit at intermediate points.

The respondent carriers filed tariffs designed to cancel these rules and regulations and to discontinue the practices thereunder, effective

on various dates between September 23, 1914, and May 10, 1915, but upon protests by the Live Poultry & Dairy Shippers Traffic Bureau and numerous other organizations and shippers interested in the purchase and sale of butter, eggs, and poultry the Commission suspended these tariffs to various dates between July 21, 1915, and September 30, 1915.

At the hearing it was announced that no justification of the schedules affecting the present rules and regulations regarding the storage in transit of these commodities would be attempted. For a second time in the course of a few months certain of the respondent carriers have filed tariffs proposing to cancel this practice and upon the suspension thereof have failed to justify the action. The respondents having offered no testimony in support of the tariffs, we find that they have failed to meet the burden of proof required by the statute.

Butter, eggs, and poultry move from country stations to concentration points in small lots, averaging about 200 pounds, and the less-than-carload rate is paid. At these concentration points, which are usually the larger towns, the shippers or concentrators maintain extensive plants for storing and subjecting these commodities to processes, such as the reworking, grading, and repacking of butter; the drying, desiccating, freezing, grading, candling, and repacking of eggs; and the feeding, dressing, grading, freezing, and packing of poultry.

The products are shipped forward in carloads, and the carload rate from the concentration point to destination is applied, with a minimum weight of 20,000 pounds. The shipper at concentration point thereupon files a claim with the carrier for a refund, and there is a readjustment by which the carload rate from the point of origin of each less-than-carload shipment to destination is applied on each less-than-carload shipment in the car sent forward, with the addition of 5 cents per 100 pounds. Only when the outbound carload moves within one year from the date of the inbound shipment will refund be made. Then, too, there is a minimum rate of 10 cents per 100 pounds prescribed on each inbound less-than-carload shipment, and a minimum charge of 25 cents on each shipment. The actual weights of the inbound shipments as shown on paid expense bills are to be reduced by varying percentages stated in the tariff because of the reductions suffered in the treatment of the products at the concentration point. The shipper is required to keep a record of the transit and nontransit tonnage received at concentration points, and what is forwarded, and to make sworn yearly statements of the total tonnage on hand as compared with that represented by unexpired expense bills.

The carriers propose to discontinue this readjustment of the aggregate charge, and this action will compel the application of the

less-than-carload rate to points of concentration and the carload rate thence to destination, and while it advances no particular rate, it will result in an increase in the total transportation charges. The resulting charges are estimated by the respondents to be generally about 14 per cent in advance of the present charges, and by the protestants from 30 to 35 per cent; and the burden of justifying these increased charges is as much upon the carriers as though it were proposed to advance a particular rate. That burden may be sustained, however, by showing that the rates applicable upon cancellation or readjustment are proper charges for the service performed.

A special arrangement for the encouragement of the concentration of dairy products was first instituted about 1890 by the St. Louis & San Francisco Railroad along its lines in Kansas and Missouri. It was later established by the Missouri Pacific and Chicago, Rock Island & Pacific along their lines in these states and in Nebraska. As time went on it became effective on all lines in the states and on the traffic hereinbefore described. At first the arrangements took the form of special less-than-carload commodity rates from the country points to the concentration points. Under this arrangement the shipments to and from the concentration points were handled and treated as separate and distinct transactions, and settlements with the carriers made accordingly. Later, that the line bringing in the small shipments to the concentration point might control the outbound carload movement, the present practice of readjusting the aggregate through charges was adopted.

Witnesses for the respondents testified that the practice in its original as well as subsequent form was established for the purpose of building up the industry. The method adopted, however, has not been without opposition. It appears that some of the carriers, believing that the practice was wrong in principle, established it on their lines only because they were forced to do so under stress of competition. For example, the Chicago & North Western Railway did not make it operative over any of its lines until 1906, and then only in Nebraska, as a result of the competition of other Nebraska lines. The same is true of the northern transcontinental lines, like the Great Northern and Northern Pacific railways. Having discovered about 1906 that a substantial percentage of the butter and eggs consumed in Pacific coast markets was coming from Kansas and Nebraska, these carriers decided to do something to encourage the movement of such products from points on their lines, and accordingly adopted the practice they now desire to abolish.

The respondents contend that the industry in question no longer needs the stimulus of an abnormal adjustment of rates, and in support of this they submitted exhibits showing the relative production of dairy products in Nebraska, Kansas, Missouri, Oklahoma, and Texas,

states wherein the practice has prevailed, and in Iowa, South Dakota, Wisconsin, and Minnesota, where it has not been in operation. Texas is included in these comparisons for the reason that up to the latter part of 1914 the practice was in effect in that state; the tariffs canceling it not having been protested, were allowed to become effective. South Dakota and Minnesota are included in the latter group of states for the reason that the practice herein has not been applied on eastbound traffic. No form of readjustment of charges appears ever to have been in effect in Iowa or Wisconsin. The following table shows the production of these commodities during the years indicated:

	Fowls, in thousands.		Butter, in thousand pounds.		Eggs, in thousand dozens.	
	1900	1910	1900	1910	1909	1908
Nebraska.....	7,812	15,274	46,244	49,960	41,132	46,000
Kansas.....	12,556	24,583	58,837	48,360	73,190	81,000
Oklahoma.....	2,698	16,264	8,834	31,167	20,674	46,000
Missouri.....	16,076	31,913	46,949	52,367	85,203	111,000
Texas.....	14,861	25,656	48,244	67,126	58,040	77,560
Total.....	54,003	113,690	209,109	248,980	278,239	364,560
Iowa.....	20,043	29,960	139,022	127,261	99,621	108,700
South Dakota.....	3,178	6,186	23,573	23,125	17,349	25,000
Wisconsin.....	8,447	10,764	106,552	131,085	46,249	50,000
Minnesota.....	8,142	11,822	82,363	123,551	43,206	53,000
Total.....	39,810	58,802	351,510	405,022	206,425	234,700

The Rock Island for the year ending June 30, 1914, shipped from nontransit territory (4,400 miles) 2,747 cars of butter, eggs, and poultry, or 0.6 of a car a mile, while from transit territory (3,400 miles) 3,569 cars were shipped, or 1.4 cars a mile, and the average lading of these was 11.4 tons. The respondents suggest that the application of the readjustment practice in the states named is an unjust discrimination against the states in which it is not applied. Many carriers serve both groups of states. For example, the Chicago, Burlington & Quincy and Chicago, Rock Island & Pacific have extensive mileage in the state of Missouri, where the practice is in effect, and also in the state of Iowa, where it is not in effect. The record shows that concentrators in the two groups of states compete in common markets, and especially in the eastern markets. The business in the states where the practice is not in effect seems to be carried on in substantially the same manner as in the states where it is in effect. However, no complaint of discrimination in this respect has ever been made to the carriers by shippers in the states where the practice is not in effect.

It is also contended that the readjustment practice is wrong in principle; and that it appears in the present form in practically no other place in the country. Shipments which average in weight be-

tween 100 and 500 pounds are given all of the services incident to the usual less-than-carload shipment. Based upon the claims for readjustment of charges, the average number of less-than-carload shipments to make up the carload moving from the concentration point is from 30 to 40, but frequently a car contains as many as 150, and each one of these small shipments requires the making out of a waybill, an expense bill, and all of the other clerical work required by the ordinary less-than-carload shipment. The carload shipments from the concentration point, while loaded and unloaded by the shippers, are not only given all of the services incident to the usual carload shipment but are made in refrigerator cars furnished by the carriers and given an expedited service. Loss and damage is heavy. In 1914 the Chicago & North Western paid upon eggs 9 per cent of the total gross revenue from the traffic; upon butter and cheese, 1.3 per cent, while the amount paid upon all carload freight was 0.8 per cent. Claims for readjustment require a great deal of detail work in handling; the charges shown on each expense bill presented must be verified; care must be taken to see that the proper amount of tonnage has been surrendered and that the storage time permitted by the tariffs on that surrendered has not expired. In view of these the facts respondents contend that there is no good reason why they should readjust the charges on two separate and distinct transactions on the basis of the carload rate from the point of origin of the less-than-carload shipment to the destination of the carload shipment.

On behalf of protestants it is claimed that the industry in question still needs the help of the readjustment practice, particularly in certain sections of the states where it now prevails, and that for this reason it should not be withdrawn at this time. It is also pointed out that the less-than-carload rates in the states where the practice does not prevail are generally lower than in the states where it is prevalent, and that therefore it should be continued in order to equalize the two groups of states in this respect. This contention was supported by numerous exhibits showing the local rates for various distances in the several states, and also the combinations of these rates and the outbound carload rates from representative concentration points to typical consuming markets. The Commission will not require the practice to be continued merely because of alleged commercial necessity. *Hide Rates to Los Angeles, Cal.*, 31 I. C. C., 633, 636; *Rates on Linseed Oil*, 26 I. C. C., 265, 270. The local class rates in all the states, except Kansas, in which the readjustment practice in issue prevails have been reduced by legislative authority since the institution of the practice. These rates are presumed to reflect local conditions in the various states and, so far as this case is concerned, are applied on shipments which begin and end within those states.

states where the practice is provided, and in Iowa, South Dakota, Wisconsin and Minnesota where it has not been in operation. To make included in these comparisons for the reason that up to the latter part of 1913 the practice was in effect in that state; the tariffs enacted it not having been protested, were allowed to become effective. South Dakota and Minnesota are included in the latter group of states for the reason that the practice herein has not been applied on interstate traffic. No form of readjustment of charges appears ever to have been in effect in Iowa or Wisconsin. The following table shows the production of these commodities during the years indicated:

	Fowls, in thousands.		Butter, in thousand pounds.		Eggs, in thousand dozens.	
	1900	1910	1900	1910	1900	1910
Nebbraska	7,812	15,274	46,244	49,960	41,132	46,000
Kansas	12,556	24,583	58,837	48,360	73,190	51,000
Oklahoma	2,698	16,264	8,834	31,167	20,674	46,000
Missouri	16,076	31,913	46,949	52,367	85,203	111,000
Iowa	14,861	25,656	48,244	67,126	55,040	77,96
Total	54,003	113,690	209,109	248,900	275,239	344,96
Iowa	20,043	29,990	139,022	127,261	99,621	109,70
South Dakota	3,178	6,186	23,573	25,125	17,349	25,00
Wisconsin	8,447	10,764	106,552	131,085	46,249	39,00
Minnesota	8,142	11,862	82,363	123,531	43,208	32,80
Total	39,810	58,802	351,510	406,922	206,427	206,50

The Rock Island for the year ending June 30, 1914, shipped from nontransit territory (4,400 miles) 2,747 cars of butter, eggs, and poultry, or 0.6 of a car a mile, while from transit territory (3,400 miles) 3,869 cars were shipped, or 1.4 cars a mile, and the average loading of these was 11.4 tons. The respondents suggest that the application of the readjustment practice in the states named is an unjust discrimination against the states in which it is not applied. Many carriers and groups of carriers, for example, the Chicago, Burlington and Quincy, the Chicago, Rock Island & Pacific have extensive operations in the states where the practice is not applied, and especially in the states where the practice is applied. The respondents also state that the practice is not applied in the states where it is not applied, and that the practice is not applied in the states where it is not applied.

Then, too, the less-than-carload rates to concentration points are the same as are paid on a large amount of butter, eggs, and poultry which does not take advantage of the readjustment, and which is not shipped in carloads beyond. It was suggested that one reason for the readjustment practice was that the class rates might be protected; and that, if the carload rates were not continued to be applied back from point of origin the carriers would either have their classification challenged or be compelled to accord to the product under consideration a special less-than-carload rate lower than at present. Whatever may be the outcome of their action, the respondents have justified the proposed application of less-than-carload rates upon less-than-carload shipments and carload rates upon concentration carload lots from concentration points to destination.

Our conclusions herein are without prejudice to the right of any party to contest the reasonableness of any rates affecting the commodities here involved by appropriate proceedings. We are of opinion and find that respondents have justified the proposed cancellation of the concentration practice.

An appropriate order will be entered.

35 I.C.C.

No. 7818.
PORT HURON & DULUTH STEAMSHIP COMPANY
v.
PENNSYLVANIA RAILROAD COMPANY ET AL.

Submitted May 25, 1915. Decided July 26, 1915.

Through routes and joint rates between points in trunk line territory and Duluth, Minn., and points west thereof, ordered to be established on the lines of defendants in connection with complainant's water line.

W. L. Jenks for complainant.

F. L. Ballard for Pennsylvania Railroad Company.

W. P. Trickett for Minneapolis Civic and Commerce Association.

REPORT OF THE COMMISSION.

HALL, Commissioner:

This proceeding was instituted to effect the establishment of through routes and joint rates which defendants had refused and neglected to voluntarily establish between points in trunk line territory on the one hand and Duluth, Minn., Superior, Wis., and points west thereof on the other, by way of the water line of the complainant steamship company from Port Huron, Mich., to Duluth and Superior.

Complainant is an incorporated common carrier, entirely independent of railroad ownership or control, operating a line of freight and passenger steamers on Lakes Huron and Superior, which furnish a regular service during the season of navigation between Port Huron and Duluth and land at other points near the head of Lake Superior.

The record shows that during each season it moves a considerable volume of general package merchandise and some bulk freight, the heavier movement being eastbound.

During the summer it carries passengers and baggage. Its tariffs are and for several years have been on file with the Commission.

It has and operates three steamers of the approximate value of \$300,000 and aggregating 6,171 gross tons.

At Duluth and Superior it connects with rail carriers serving those ports and interior points such as St. Paul and Minneapolis, hereinafter referred to as the twin cities.

At Port Huron its facilities for interchange of traffic consists of docks, warehouse, and trackage yards, with ample space for any needed extension of these facilities. Its docks and warehouse there are reached by the rails of the defendant Grank Trunk Railway

Company of Canada, hereinafter termed the Grand Trunk, and during the season of navigation it is constantly engaged in receiving and delivering freight there from and to that carrier. The Grand Trunk filed an answer admitting the material averments of the complaint.

In connection with the Grand Trunk, its only outlet to the east, it has for some years maintained through routes and joint rates to and from Buffalo, N. Y., and all points in eastern trunk line territory reached by the line of that carrier or by the lines of any of its connections, except defendant the Pennsylvania Railroad Company. The Grand Trunk has direct track connection with the Pennsylvania Railroad at Buffalo, and traffic moving over the lines of these carriers would, it was testified, avoid the congestion in the Buffalo terminals.

Complainant's witnesses and the representatives of the commercial organization of the twin cities testify that there is both demand and necessity for the through routes and joint rates sought. It appears that negotiations have been had looking to a voluntary establishment of through routes, with joint rates equal to those concurrently in effect via the so-called standard lake lines, and have failed only because the parties were unable to agree upon divisions. The Pennsylvania Railroad has not absolutely refused to participate in through routes and joint rates on the basis of those in effect via other lake-line routes and states that it will not oppose, although it does not advocate, their establishment. Its counsel states, further, that its difficulty in the matter of divisions has been with the Grand Trunk rather than with complainant.

From consideration of all the facts and circumstances we conclude that through routes and joint rates should be established via the complainant's steamship line and the rail lines of defendants for the transportation of property from and to points on the lines of the Pennsylvania Railroad Company and such of its connections as are defendants herein, in trunk line territory, to and from Duluth, Superior, and points west thereof, situate on the lines of carriers defendant herein, and that the rates applicable thereto should not exceed as maxima the joint rates now in effect between the same points via other rail-and-lake and rail-lake-and-rail routes.

We can not in this proceeding prescribe the divisions of said rates. The parties will be required to establish the through routes and joint rates herein prescribed. They should endeavor to agree upon the divisions of such rates. If they can not agree they may present the matter of divisions to the Commission in a supplementary proceeding.

An order will be entered in accordance with these conclusions.

No. 1698.

W. S. DUNCAN & COMPANY ET AL.

v.

NASHVILLE, CHATTANOOGA & ST. LOUIS RAILWAY
ET AL.

Submitted June 22, 1915. Decided July 10, 1915.

On December 7, 1914, the Supreme Court of the United States announced its decision reversing the order of the Commerce Court, which order set aside and annulled the order of the Commission in this case, entered on June 9, 1911, requiring the removal of unjust discrimination resulting from the granting to Nashville, Tenn., and the denial to Atlanta and nine other complaining cities in Georgia of the privilege of rebilling or reshipping grain, grain products, and hay transported from the Ohio and Mississippi river crossings or beyond and destined to points in the southeast, at the through rate from origin to final destination. Upon consideration of the facts of record in the original hearings and in the recent hearings upon rule to show cause and upon the applications of the defendant carriers under section 4 of the act to regulate commerce; *Held*, That the granting of the said privilege to Nashville and the denial of it to Atlanta and the other complaining cities results in a violation of section 3, and that no showing has been made, under either section 3 or section 4, why the Commission should not enter an order in substantial conformity with the order of June 9, 1911. Order entered.

William A. Wimbish for complainants.

R. Walton Moore and *M. P. Callaway* for Nashville, Chattanooga & St. Louis Railway and other carriers.

W. A. Colston and *N. W. Proctor* for Louisville & Nashville Railroad Company.

Perkins Baxter for Nashville Grain Exchange, intervenor.

REPORT OF THE COMMISSION UPON RULE TO SHOW CAUSE.

CLEMENTS, *Commissioner*:

Following the decision of the Supreme Court of the United States in *U. S. v. L. & N. R. R. Co.*, 235 U. S., 314, this case was set down for hearing upon a rule to show cause why the Commission should not enter an order in substantial conformity with the order heretofore issued on June 9, 1911, or such other order as may be justified under the law and the facts appearing of record. There is quoted below a portion of the decision of the Supreme Court, which gives a brief history of the case and the finding of error in the action of the Commerce Court in enjoining the order of the Commission. For a

more detailed statement of the case reference is hereby made to the Commission's original and supplemental reports.

This case involves a controversy as to the legality of a reshipping privilege permitted at Nashville by the carriers who are parties to the record, described by the court below as follows:

"On grain, grain products, and hay shipped to Nashville by rail from or through Ohio or Mississippi river crossing points such as Louisville, Evansville, Hickman, Paducah, Cairo, etc., the L. & N. and N., C. & St. L. charge the full local freight rate from said crossing points to Nashville. These shipments may then be stopped at Nashville for a period not exceeding six [since extended by the carriers to twelve] months, during which time they may be rebilled or reshipped to destination in southeastern and Carolina territory; and on such reshipments so rebilled the freight charges into and out of Nashville are readjusted so that the total transportation charge on any one shipment from any given Ohio or Mississippi river crossing via Nashville, to any given destination in said territory, shall exactly correspond with the transportation charge legally assessable on that shipment had it been billed and moved through from its point of origin at the said Ohio or Mississippi river crossing points to its final destination without having been stopped in transit at Nashville."

We adopt the history of the litigation in so far as it relates to the privilege in question contained in the brief on the part of the United States.

"1. In 1908 certain Georgia grain dealers complained to the Interstate Commerce Commission of various traffic practices at Nashville; after taking voluminous proof, the Commission, on June 24, 1909, held the reshipping privilege illegal and ordered it stopped (18 I. C. C., 590, 595).

"2. The Commission, on its own motion, postponed the effective date of the order, so that it might institute a country-wide investigation of the practices involved; and on May 3, 1910, the Commission, after a hearing at which about 150 shippers and carriers were represented by counsel, reported that its former order abolishing the reshipping privilege *in toto* was too strict, and remitted the matter to the carriers and shippers to frame regulations that would prevent any rebating under the privilege (18 I. C. C., 230), and, pursuant thereto, new and satisfactory regulations were adopted to safeguard the reshipping privilege (21 I. C. C., 183, 188).

The previous order of June 24, 1909, which had abolished the reshipping privilege at Nashville, was vacated and the Commission thereafter again considered the controversy between the grain dealers of Georgia and the Nashville dealers and carriers.

"3. * * * On June 9, 1911, the Commission delivered a supplemental report, holding that the action of the carriers in granting the reshipping privilege to Nashville, while refusing it to Atlanta, etc., was an undue and unreasonable preference to Nashville, in violation of section 3 of the interstate commerce act. (21 I. C. C., 186.) The Commission entered an order in accordance therewith.

"4. The Nashville Board of Trade, the L. & N. R. R. Co., and the N., C. & St. L. R. R. Co. thereupon sued in the Commerce Court to enjoin the enforcement of the order; the two suits were consolidated." The record evidence before the Commission was introduced and some additional testimony was taken.

The Commerce Court, finding that there was no conflicting or disputed evidence concerning the origin and character of the reshipping privilege, concluded that whether such privilege was an undue preference was not a matter of fact but a question of law upon which it was its duty to reach an independent con-

clusion. The court, therefore, among other considerations, because the privilege was of long standing and was justified by water competition at Nashville, declared it to be not unlawful and not preferential. A peremptory injunction was allowed restraining the enforcement of the order of the Commission. And the correctness of this action is the question here for decision.

In view of the doctrine announced in *Interstate Com. Com. v. Illinois Cent. R. R.*, 215 U. S., 452; *Interstate Com. Com. v. Delaware, L. & W. R. Co.*, 220 U. S., 235; *Interstate Com. Com. v. Louisville & Nashville R. R.*, 227 U. S., 88, it plainly results that the court below, in substituting its judgment as to the existence of preference for that of the Commission on the ground that where there was no dispute as to the facts it had a right to do so, obviously exerted an authority not conferred upon it by the statute. It is not disputable that from the beginning the very purpose for which the Commission was created was to bring into existence a body which from its peculiar character would be most fitted to primarily decide whether from facts, disputed or undisputed, in a given case preference or discrimination existed. *East Tenn., &c., Ry. Co. v. Interstate Com. Com.*, 181 U. S., 1, 23-29. And the amendments by which it came to pass that the findings of the Commission were made not merely *prima facie* but conclusively correct in case of judicial review, except to the extent pointed out in the *Illinois Central* and other cases, *supra*, show the progressive evolution of the legislative purpose and the inevitable conflict which exists between giving that purpose effect and upholding the view of the statute taken by the court below. It can not be otherwise since if the view of the statute upheld below be sustained, the Commission would become but a mere instrument for the purpose of taking testimony to be submitted to the courts for their ultimate action.

Following a reference to the question whether the action of the Commission was unsustained by proof, which question it found was not essential to consider in view of the disposition of the case, the court discussed the rate situation with reference to the fourth section of the act to regulate commerce and concluded as follows:

When the result of this allowance [on the local rate from Nashville to point of destination] is understood there seems to be no room for serious controversy that the right to continue the privilege is controlled by §4 of the act. The actual shipment from Nashville must either be considered as a movement from Nashville, irrespective of the rate which would have been applicable on a through shipment from an Ohio River point to the same point of destination, or it must be treated by a fiction as one moving from an Ohio River point to the same destination. If the first, then clearly the allowance made of a rate from Nashville to the point of destination was a lesser charge for the longer distance hauled as to such grain than was charged for the shorter distance as to any other grain moving from Nashville to intermediate points or from such points to places further on and came clearly within the grasp of §4. If on the other hand it be imagined to be a shipment from the Ohio River crossing to the point of destination upon the theory that the traffic before stoppage at Nashville originated at the Ohio River point, then exactly the same conditions would be reproduced, since the charge as the result of the reduction made was the equivalent of a lesser rate for the longer than for the shorter distance, which, as we have stated, was the prevailing system from Ohio River crossings to points of destination in the southeast.

It is true that in argument it was said that the question here is whether there was a preference or discrimination under §§2 and 8 of the act and not an inquiry

under §4, and that a distinction between the various sections has been recognized. It has, indeed, been held that the provisions of §§2, 3, and 4 of the act being in *pari materia* required harmonious construction and therefore they should not be applied so that one section destroyed the others, and consequently that a lesser charge for a longer than for a shorter distance permitted by §4 could not for such reason be held to be either a preference or discrimination under §§2 and 3. *Louisville & Nashville R. R. v. Behlmer*, 175 U. S., 648; *East Tenn., &c., Ry. v. Interstate Com. Com.*, 181 U. S., 1. But the rule which requires that a practice which is permitted by one section should not be prohibited upon the theory that it is forbidden by another gives no support to the unwarranted assumption that that may be permitted which is devoid of all sanction and indeed is in direct conflict with all three of the sections,—a result clearly arising in the case before us in consequence of the amendment of §4. Indeed when the evil which it may be assumed conduced to the adoption of the amendment of §4 and the remedy which that amendment was intended to make effective are taken into view (see *Inter Mountain Rate cases*, *supra*), it would seem that the case before us cogently demonstrates the applicability of the amendment to the situation. And it needs no argument to demonstrate that the application of the principle of public policy which the statute embodies is to be determined by the substance of things and not by names, for if that were not the case the provisions of the statute would be wholly inefficacious, as names would readily be devised to accomplish such a purpose.

It follows from what we have said that the court below was wrong in enjoining the order of the Commission, and on the contrary should have dismissed the complaint. The case will therefore be appropriately remanded to enable a decree to that effect to be entered, without prejudice, however, to the right of the carriers to apply to the Commission to be relieved from the operation of the provisions of §4 of the interstate commerce act if they are so advised.

Hearings have been had not only on the rule to show cause, but also on the general applications of the carriers (No. 1952 of the Louisville & Nashville Railroad Company and No. 458 of the Nashville, Chattanooga & St. Louis Railway) covering departures from the long-and-short-haul rule of the fourth section in their rates to destinations in the southeast, and the case has been orally argued.

In 1854 the Nashville & Chattanooga Railway, the predecessor of the Nashville, Chattanooga & St. Louis Railway, completed its line from Nashville to Chattanooga, Tenn., following which traffic moved from the Mississippi and Ohio rivers up the Cumberland River to Nashville and thence via the Nashville & Chattanooga and its connections to the southeast. This, in fact, was the first direct route from the west to the interior southeast. In 1859 the line of the Louisville & Nashville was completed from Louisville to Nashville, making it possible for the first time to ship via a direct all-rail route from the Ohio River to the southeast. About 1869 the Nashville & Chattanooga leased the line of the Nashville & Northwestern Railroad from Nashville to Hickman, Ky., and in 1871 purchased the same. About 1870 the Nashville & Chattanooga inaugurated the practice of rebilling or reshipping grain at Nashville, this being the first transit

privilege in the United States, and the reason stated for its establishment being to meet the competition of boats on the Cumberland River. Hickman, while on the Mississippi River, is not a crossing, and it should be borne in mind that the grain which it was then desired to transport to Nashville via rail originated at points on the Ohio, Mississippi, and Wabash rivers, and necessarily moved by water to Hickman. The Louisville & Nashville gradually extended its lines into the southeast, by construction, lease, and purchase, and the first record of the reshipping arrangement at Nashville on grain moving over its line was in 1877, although it may have been in effect prior to that date. The then traffic manager of the Louisville & Nashville testified at a former hearing in this case that elaborate re-shipping rules and regulations were established between the Louisville & Nashville and the Nashville, Chattanooga & St. Louis in 1878. Thus it will be seen that while the reason assigned for the establishment by the Nashville & Chattanooga of the reshipping privilege was competition on the Cumberland River, and the desire of that line to secure the haul to Nashville, this privilege was early extended to grain transported from the Ohio River to Nashville by the Louisville & Nashville, and is now in effect also on grain moving from Memphis, Tenn., via the Nashville, Chattanooga & St. Louis. In 1880 the Louisville & Nashville acquired control of the Nashville, Chattanooga & St. Louis through stock ownership, and at that time there were no other rail carriers serving Nashville, the Tennessee Central not then having been constructed.

The testimony of the carriers was that rates on grain were first made from Nashville to points in the southeast and that competition of the Cumberland River boats fixed the amount of the rates subsequently made from the Ohio River crossings. In our reports in *Fourth Section Violations in the Southeast*, 30 I. C. C., 153, and 32 I. C. C., 61, we found that the rates from the Ohio and Mississippi river crossings to Atlanta, for instance, were the result of severe competition between the various direct rail lines from the several crossings and of rail-and-water routes through the Atlantic ports; and on grain and grain products, which constitute a substantial percentage of the traffic from the west, this competition was naturally very keen. Therefore, while competition of boats on the Cumberland River may have been influential in fixing the relationship between Nashville and the Ohio River crossings on grain moving to the southeast, we do not find that it fixed the measure of the rates from any of these points.

In 1873 the first bridge was built over the Ohio River at Louisville, and as there was a difference in the gauge of the roads to the river, that crossing an allowance of three-fourths of a cent per hundred pounds was made by the Louisville & Nashville for the service.

As lines to the southeast were constructed elevators were built and a similar allowance was made at other crossings, and competition resulted in an equalization of rates via the various gateways. The rates to Atlanta and the other complaining cities are the same from the several Ohio River crossings, and rates from Memphis are uniformly lower than those from the Ohio River by 4 cents per 100 pounds. The general basis of rates from points north or west of the Ohio and Mississippi rivers is lowest combination on the rivers and in order to equalize routes it was, and is, frequently necessary for the lines either to or from the crossings, sometimes both, to accept less than their local rates. From this resulted the establishment of the reshipping privilege at the crossings.

Even if it were true that competition on the Cumberland River was the reason which led to the inauguration of the reshipping privilege at Nashville, transportation conditions soon changed with the construction of numerous lines from the grain fields of the west to the crossings and from the crossings to the southeast, making it possible for grain to move from points of production to destinations in the southeast via all-rail routes, some of which do not serve Nashville; and, whereas the grain which it is stated the reshipping privilege was established to attract via the Nashville & Chattanooga necessarily moved a part of the way by water, in sacks, the establishment of all-rail routes made it practically essential for a grain market to receive its grain in bulk, for the purpose of storage, grading, and treatment. The Nashville market could compete, of course, only on an equality of rates with the Ohio River markets, and it is significant that following the allowance for elevation at the latter a similar allowance was made at the former, and still is, although the allowance at all of these points is only one-half of what it formerly was.

It was further testified by defendants that the milling-in-transit privilege on grain was voluntarily established at Nashville, this being the first privilege of the kind in the country, and that a demand of the southeastern lines for either its removal or its extension to other points resulted in its establishment at a number of points in the southeast. The reason for the inauguration of this privilege at Nashville was stated to be to enable a miller at that point to operate his mill during the entire year, the mill having previously been operated only during the periods when grain could be secured via the river. It is difficult to understand why there was less competition on grain moving to Nashville to be milled than on grain moving to that point to be reshipped, or why milling in transit was a matter of favor and reshipping of necessity.

Upon consideration of the facts of record as to the history of the carriers defendant and the establishment and extension of the re-

shipping or rebilling privilege we are not of opinion that the establishment or maintenance of this privilege was compelled by the competition of boats on the Cumberland River.

The rates to Nashville on grain are 10 cents from the Ohio River crossings and 11 cents from Memphis, and these rates are exceeded at intermediate points. The maximum rates from the crossings to such intermediate points are 20 cents from Cairo, 16 cents from Paducah and Louisville, 18 cents from Memphis, and 15 cents from Henderson, Ky. The maximum rate from Hickman is 14 cents. These departures are sought to be justified on the ground of water competition. Applications are on file covering same and the justification for the extent of the deviations, if such deviations are found to be justified, will be separately considered. The rates to Nashville from the river crossings are not in any case higher than the rates to more distant points to which Nashville is intermediate.

In *Fourth Section Violations in the Southeast, supra*, the Commission considered the rate adjustment from the Ohio and Mississippi river crossings to a majority of these complaining cities, and afforded relief only in connection with the rates to Macon and Columbus, Ga. The orders issued by the Commission in that proceeding require the departures to be removed on or before October 1 of this year,¹ and the carriers have stated it to be their intention to revise their rates from Nashville in harmony with the revised rates from the crossings. The Commission's orders were intended to cover rates in connection with which there are milling in transit, reshipping, and other privileges.

With the advantage of the reshipping privilege, Nashville dealers can compete with Atlanta dealers on an equality of rates in the city of Atlanta itself and at points to which rates are made by combination on Atlanta, while the former have a substantial advantage at points the rates to which are the same as, or made with relation to, the Atlanta rates. To a point taking the same rate from the crossings as Atlanta, Nashville's advantage is the amount of the local rate from Atlanta, while to a point taking a rate from the crossings, say, 2 cents per 100 pounds higher than Atlanta, Nashville's advantage is the amount of the local rate less 2 cents. The above statements would be true, of course, as to the other nine complaining cities.

When it appears that the favored point secures an advantage through the granting to it of a privilege not compelled by competition and that there is no substantial dissimilarity of conditions, transportation or otherwise, surrounding the transportation to the favored and to the complaining cities, a showing of the rate situation, from which it is evident that the prejudice and disadvantage are real and substantial, is as convincing a showing of a violation of section 3 as

¹ Since extended to January 1, 1915.

it is generally practicable to make. There is before us substantial evidence as to the effect of this prejudice and disadvantage and upon consideration of the facts of record in the recent and the former hearings in this case and in the recent hearings on the defendants' fourth section applications we are of opinion, and find, that the granting of the rebilling or reshipping privilege at Nashville and the denial of it at Atlanta and the other complaining cities constitutes a violation of section 3, and that there has been no showing made by defendants under either section 3 or section 4 why an order in substantial conformity with the order of June 9, 1911, should not be entered. Such action will therefore be taken.

35 I. C. C.

THE TAP LINE CASE.

INVESTIGATION AND SUSPENSION DOCKET No. 11.

PETITION OF THE SIBLEY, LAKE BISTENEAU & SOUTHERN RAILWAY COMPANY.

Submitted June 12, 1914. Decided July 26, 1915.

Modification of orders in the *Tap Line case* in favor of the petitioner beyond rates sanctioned by the Commission's order of July 29, 1914, not found justified. Increase of divisions and of reparation denied.

H. M. Garwood and W. R. Thurmond for Sibley, Lake Bisteneau & Southern Railway Company.

FOURTH SUPPLEMENTAL REPORT OF THE COMMISSION.

HARLAN, Commissioner:

This is a rehearing upon motion of the Sibley, Lake Bisteneau & Southern Railway Company, one of the parties to the original proceeding in the *Tap Line case*. In our report on that proceeding, 23 I. C. C., 277, 594, we recognized the Sibley, Lake Bisteneau & Southern as a common carrier tap line, but found that it could not lawfully receive divisions from its connecting trunk lines on the product of the proprietary mill in excess of 1 cent per 100 pounds. In the testimony offered at the rehearing and in the motion therefor it is alleged in substance that the general conditions upon which the Commission based its findings in the *Tap Line case, supra*, do not apply to the Sibley, Lake Bisteneau & Southern Railway and that the division fixed by the Commission of 1 cent per 100 pounds is inadequate compensation for the service performed by the tap line. It was not contended that the conditions of control and operation were incorrectly described on the original report. On the contrary it was admitted that "the original record is substantially correct;" but it is alleged that the divisions that were in effect between this tap line and its trunk line connections prior to May 1, 1912, were not excessive, but were just and reasonable, and were lower than the divisions between carriers in the same territory for a service similar to or less than that performed by the Sibley, Lake Bisteneau & Southern Railway. It was further alleged that the division fixed by the Commission was wholly inadequate to pay the cost of operation and has resulted in a loss of revenue to the tap line of about \$1,000 per month. It is stated that there is due to the Sibley, Lake Bisteneau & Southern Railway

Company from its immediate connections, the Louisiana & Arkansas, and the Vicksburg, Shreveport & Pacific, about \$31,000 on the basis of the old divisions, for which reparation is asked.

Subsequent to the filing of the motion for rehearing affidavits and statements were submitted showing to the satisfaction of the Commission that the proprietary company had discontinued its lumbering operations and was no longer connected with or interested in any timber properties or industrial operations on or near the Sibley, Lake Bisteneau & Southern Railway. Thereupon the Commission made an order, dated November 10, 1913, vacating and setting aside its orders in the *Tap Line* case so far as they related to the Sibley, Lake Bisteneau & Southern Railway Company, and that line was dismissed as a party to the above-entitled proceeding as of November 10, 1913.

Following the opinion of the Supreme Court of the United States and the orders relating thereto in the *Tap Line* cases, 234 U. S., 1, the Commission issued its second supplemental report, 31 I. C. C., 490, and by an order entered in connection therewith on July 29, 1914, the orders of the Commission entered herein on May 14, 1912, and October 30, 1912, and all orders entered subsequent thereto with respect to through routes, joint rates and divisions between trunk lines and tap lines parties to the original proceeding were vacated and set aside, and the trunk lines were required, on or before October 1, 1914, on not less than five days' notice, to reopen through routes and publish joint rates to interstate destinations with each of the tap lines parties to the record with which they respectively have connections or junctions. That order fixed the maximum allowances and divisions that may be paid by the trunk lines named to their respective tap-line connections on interstate shipments of lumber and forest products moving from points thereon from May 1, 1912, to the effective date of the rates and divisions established in compliance with the order. In the third supplemental order entered January 4, 1915, the maximum allowances or divisions fixed in the order of July 29, 1914, were made applicable on tap lines which were dismissed as parties to the tap-line proceeding prior to that date.

The alleged loss of revenue is apparently based on the original allowance of 1 cent per 100 pounds. On the basis of the maximum divisions fixed by the order of July 29, 1914, which are made applicable to shipments moving subsequent to April 30, 1912, the revenue derived from shipments of lumber and forest products would be increased from 50 per cent to 150 per cent over that derived from the original allowance. On the product of the proprietary mill, which is located $5\frac{1}{2}$ miles from the junction, the division applicable is $1\frac{1}{2}$ cents per 100 pounds and on the product of the independent mills located from 12 to 25 miles from the junction 2 cents and $2\frac{1}{2}$ cents per 100

pounds. It is assumed that a readjustment with the petitioner will be made on that basis by its trunk line connections.

The real issue now presented for determination is whether or not the Commission shall modify its order of November 10, 1913, and make the dismissal of the Sibley, Lake Bisteneau & Southern Railway Company effective as of May 1, 1912, thus relieving it from the force and effect of any and all orders heretofore entered in this proceeding.

The conclusions of the Commission announced in its original and supplemental reports herein were reached after a careful review of the whole record and the modifications made in the second supplemental report are in conformity with the decision of the Supreme Court as hereinbefore stated. There is no evidence to warrant the readjustment demanded by petitioner of the divisions in effect between May 1, 1912, and November 10, 1913. Upon the whole record we find and conclude that there is no justification for a further modification of our orders so far as they relate to the Sibley, Lake Bisteneau & Southern Railway Company. The petition of that line for increased divisions and reparation will therefore be denied, and an order will be entered in accordance with this finding.

35 I. C. C.

No. 6999.
FEDERAL SUGAR REFINING COMPANY
v.
CENTRAL RAILROAD COMPANY OF NEW JERSEY ET AL

Submitted November 25, 1914. Decided July 26, 1915.

Through route and maximum joint rates applicable thereto established for the transportation of sugar from Yonkers, N. Y., to all points on the line of the Central Railroad Company of New Jersey.

Bigelow & Wise for complainant.

J. E. Reynolds for Central Railroad Company of New Jersey.

REPORT OF THE COMMISSION.

HALL, Commissioner:

The complainant, a corporation engaged in the business of refining sugar at Yonkers, N. Y., filed its complaint against defendant, the Central Railroad Company of New Jersey, hereinafter termed the rail line, and Ben Franklin Transportation Company, hereinafter termed the water line, alleging that said carriers had refused and neglected to establish voluntarily a through route and joint rates for the transportation of sugar from Yonkers to points on the rail line, and prayed for an order which should establish such through route and "joint rates on a parity with the rates on sugar from New York to the same points as the maximum to be charged," and prescribe the divisions of the rates and the terms and conditions under which the through route should be operated.

The rail line by its answer sets up three defenses: (1) Complainant, a single shipper of a single commodity, is not legally entitled to demand the establishment of a through route and joint rates; (2) the issues are the same as those involved in former proceedings between the complainant and the rail line before the Commission and the courts, and the question presented is *res adjudicata*; (3) such joint rates, if established by this Commission, should not be less than a combination of the existing local rates of the water line from Yonkers to Jersey City, N. J., and of the rail line thence to destination.

No answer was filed by the water line, but at the hearing its agent testified that it was willing to have the prayer of the complaint granted.

Yonkers is located on the east side of the Hudson River, distant about 16 miles by water from a connection with the rail line at its Jersey City terminal. For some 20 years sugar refined by complainant at Yonkers has been transported by the water line from Yonkers to this connection and there received by the rail line for further transportation. For such transportation complainant pays the local rate of the water line and the local rate of the rail line from its Jersey City terminal to destination.

Complainant may now ship its product from Yonkers by rail over the lines of the New York Central & Hudson River Railroad Company, hereinafter termed the New York Central, and the defendant rail line. For such shipments a through route and joint rates have been established with the concurrence of the rail line.

The water line is and has been since 1894 a corporation duly organized and existing under the laws of the State of New York for the transportation of passengers and freight by steamboats, tugboats, barges, and lighters. It has a capital stock of \$100,000, a surplus of \$37,000, and assets of \$245,000, including tugs, steam lighters, barges, and a passenger boat, 20 in all. Its principal business is the transportation of freight on the Hudson River and in New York harbor. This, with a small amount of passenger business, yields an annual gross income of about \$190,000. It has sufficient capital and facilities for transportation to enable it to meet adequately the obligations which would arise from the establishment of the through route and joint rates here sought. It is a common carrier in both interstate and intrastate commerce of all kinds of merchandise, controlling its own dock facilities at Yonkers and serving shippers not only at Yonkers but at neighboring points. The complainant has no interest, direct or indirect, in the water line. One of the stockholders in the water line owns about 100 or 140 shares of the capital stock of complainant.

The course of shipment over the through route now in existence from Yonkers to points on the rail line is from complainant's shipping platform on its spur track connected with the rails of the New York Central to the yard of that carrier at Sixtieth street, in the Borough of Manhattan, New York City, N. Y. There delivery is made to the car floats of the rail line. The Sixtieth street yard is greatly congested, and delivery of cars to floats is generally delayed, sometimes for as much as 10 days. As contrasted with this, shipments moving from complainant's plant at Yonkers via the water line to a connection with the rail line on the New Jersey shore are usually delivered on the same day or the following morning.

During the three months preceding the filing of this complaint complainant shipped 257 cars via the water line to points on the rail line, and should a through route and joint rates be established

the number of cars so shipped would be increased. Another shipper of sugar located at Yonkers is in a position to utilize the through route and joint rates sought. And while at the outset such through route and joint rates might be used only by complainant and the the other shipper referred to, they would be open to all and available to the public. The first contention of defendant rail line is not sustained.

Prior to the filing of this complaint the parties hereto endeavored to reach an agreement for the establishment of a through route and joint rates and as to divisions. The application of New York City rates on sugar from Yonkers was contemplated from the beginning. After some negotiations relating to class rates an agreement was reached. The rail line prepared and submitted to the water line a tariff prescribing a through route and fixing the joint rates. The divisions between the two lines were also agreed upon. Before the tariff was filed with this Commission the vice president of the rail line declined to proceed under the agreement, stating as his reason that another water carrier operating on the Hudson River had asked for through routes and joint rates.

The rail line participates in a through rail-and-water route and joint rates between points on its line and Malden, N. Y., a point on the Hudson River something over 75 miles north of Yonkers.

The duty of carriers subject to the provisions of the act to regulate commerce, "to establish through routes and just and reasonable rates applicable thereto," and the power of the Commission to establish through routes and joint rates are set forth in sections 1, 6, and 15 of the act.

The rail line contends that the issues here presented have already been adjudicated, and refers to the following cases: *Federal Sugar Refining Co. v. B. & O. R. R. Co.*, 17 I. C. C., 40; *Federal Sugar Refining Co. v. B. & O. R. R. Co.*, 20 I. C. C., 200; *United States v. B. & O. R. R. Co.*, 231 U. S., 274. The technical plea of *res adjudicata* has no application to an order of the Commission. Aside from this, however, the issue in this proceeding is whether or not a through route and joint rates should be established by the two defendants, and this issue was not involved or determined in any case relied on by the rail line.

That carrier publishes generally, via the through route which it joins in maintaining, joint rates on sugar from Yonkers to points on its line the same in amount as from New York and Jersey City, N. J., which take the same rates. The exceptions to the general rule are that for points within about 90 miles from the point of receipt by the rail line the rates from Yonkers are higher than the New York-Jersey City rates.

Thus, at the time of the hearing the joint rate via the New York Central and rail line from Yonkers to Easton, Pa., and Scranton, Pa., distant from Jersey City 72.9 miles and 191.1 miles, respectively, was 13 cents (now 13.4 cents) per 100 pounds. The rates of the rail line from New York or Jersey City to those points were, respectively, 8 cents and 13 cents. Effective August 2, 1915, these rates will be, respectively, 8.4 cents and 13.4 cents.

The rate of the water line for the transportation of sugar from Yonkers to the rail line's terminal at Jersey City is 10 cents a barrel, or 3 cents a bag, which is said to be approximately 3 cents per 100 pounds. The tariff of the water line is not on file with the Commission.

The evidence is to the effect that, if the through route sought is established, joint rates on sugar applicable thereto should not exceed the joint rates maintained from Yonkers by the New York Central and the rail line. We find that such rates from Yonkers via a through route of the defendants to points on the rail line, which are not in excess of the joint rates contemporaneously maintained from Yonkers by the New York Central and the rail line, are reasonably high and not unjust or unreasonable to the carriers. The record does not show that the lower New York-Jersey City rates to near-by points on the rail line constitute a standard of what are just and reasonable rates to those points from Yonkers.

Upon the record we find and conclude that a through route should be established by defendants between Yonkers and all points on the line of the rail line, and that joint rates on sugar should be established over such route not in excess of the joint rates in effect between Yonkers and those points.

Defendant rail line contends that even if a through route should be established, complainant "has failed to show the reasonableness of a division of a through rate from Yonkers to this defendant on the basis of three cents less than defendant's present rates from New York City or Jersey City." While complainant prays that divisions of the joint rate be prescribed as between the defendants, the issues arising at this time do not include the matter of divisions. The defendants at one time agreed as to the divisions of the joint rates and should make a bona fide effort again to reach an agreement.

The pleadings in this case afford no basis for an order requiring the establishment of a through route or joint rates for the transportation of classes, or commodities other than sugar. Some testimony regarding these was, however, introduced without objection, and it would seem that the defendants should consider them in making the through arrangement.

An order in accordance with these conclusions will be entered.

No. 7544.

JOHN S. SEYMOUR

v.

MORGAN'S LOUISIANA & TEXAS RAILROAD & STEAM-
SHIP COMPANY ET AL.

Submitted February 16, 1915. Decided July 26, 1915.

Following *U. S. v. P. & R. Ry. Co.*, 188 Fed., 484; *Held*, That the transportation of sugar from Germany, through the United States in bond, to destinations in Mexico, is not subject to the jurisdiction of the Commission.

J. D. Miller for complainant.

C. W. Owen and *J. R. Christian* for defendants.

REPORT OF THE COMMISSION.

HALL, *Commissioner*:

In 1913 complainant imported about 1,200,000 pounds of sugar from Germany for final delivery at points in Mexico. Upon the arrival of the sugar at New Orleans complainant tendered it there to defendant for delivery at destinations in Mexico. Defendant, however, on account of the alleged condition of disorder in Mexico was unwilling to undertake to effect delivery there by the Mexican railroads connecting with it at the border points. Accordingly, bills of lading were issued by defendant, and accepted by complainant, showing Eagle Pass or El Paso as destinations, and the shipments were transported to those points. They were there delivered to complainant's representative and, as shown by certificates of the United States customs officials, were actually exported to Mexico. Some of the bills bear the notation, "ultimate destination, Mexico." It definitely appears that defendant was fully advised of the intended ultimate destination of the sugar, and, in fact, the shipments were made in bond. Reparation is asked for alleged overcharges.

Section 1 of the act provides:

That the provisions of this act shall apply * * * to any common carrier or carriers engaged in the transportation of passengers or property * * * from one state or territory of the United States or the District of Columbia, to any other state or territory of the United States or the District of Columbia, or from one place in a territory to another place in the same territory, or from any place in the United States to an adjacent foreign country, or from any place in the United States through a foreign country to any other place in the United States, and also to the transpor-

tation in like manner of property shipped from any place in the United States to a foreign country and carried from such place to a port of transshipment, or shipped from a foreign country to any place in the United States and carried to such place from a port of entry either in the United States or an adjacent foreign country.

In construing the Elkins act, which penalizes rebating or discrimination "in respect to the transportation of any property in interstate or foreign commerce by any common carrier subject to said act to regulate commerce and the acts amendatory thereof" whereby property is "transported at a less rate than that named in the tariffs published and filed by such carrier, as is required by said act to regulate commerce and the acts amendatory thereof," the district court for the eastern district of Pennsylvania said:

The legal question may be stated thus: Does the Elkins act concerning interstate commerce apply to the continuous transportation of goods from a foreign country to a foreign country if such goods are merely carried in bond across two or more states of the Union? In the case now on trial a cargo of sugar was shipped from Hamburg, Germany, destined, as the bill of lading states, "to Philadelphia for transportation in bond to Raymond, Alberta," Canada, and it was taken to its destination by continuous and uninterrupted transportation at the hands of successive carriers. * * * This was an unbroken series of continuous acts of transportation beginning at Hamburg and ending at Alberta, by which the sugar was merely moved across the United States in its transit between two foreign countries, and the Elkins act as I read it does not attempt to regulate such a transaction at all. * * * All the parties from the beginning to the end intended to assist in a continuous transportation from one foreign country to another, and this intention was carried out in good faith and without interruption. * * * The sugar started in Germany, and was then and always thereafter destined, not for Philadelphia, but for Canada. * * * So far as appears, such a transaction is not within the mischief which the act was intended to remedy, and it certainly does not seem to be within the language of the statute. *U. S. v. P. & R. Ry. Co.*, 188 Fed., 484.

The Supreme Court in numerous decisions has declared that the nature of any commerce is determined by its essential character and not by its mere accidents. *C., N. O. & T. P. Ry. v. I. C. C.*, 162 U. S., 184; *S. P. Terminal Co. v. I. C. C.*, 219 U. S., 498; *Ohio R. R. Comm. v. Worthington*, 225 U. S., 101; *T. & N. O. R. R. Co. v. Sabine Tram Co.*, 227 U. S., 111; *Louisiana R. R. Comm. v. T. & P. Ry.*, 229 U. S., 336; *Baer Bros. v. D. & R. G. R. R.*, 233 U. S. 479; *I. C. R. R. v. Louisiana R. R. Comm.*, 236 U. S., 157. The sugar was transported from a nonadjacent foreign country, through the United States, to destinations in an adjacent foreign country. We entertain no doubt that the regulatory power of Congress extends to the transportation within this country, but apparently the jurisdiction of this Commission does not.

The complaint must be dismissed.

35 I. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 574.
SWITCHING CHARGES AT ALEXANDRIA, IND.

Submitted April 24, 1915. Decided July 27, 1915.

Increases proposed in the respondent's switching charge to the Alexandria Paper Company at Alexandria, Ind., found not justified. Schedules under suspension ordered canceled, but with permission to respondent to publish a flat charge not in excess of \$4 per car in lieu of the charge proposed.

F. L. Littleton and C. P. Stewart for respondents.

Isaac Born and A. B. Cronk for protestant.

REPORT OF THE COMMISSION.

BY THE COMMISSION :

By schedules filed to take effect January 1, 1915, respondent Cleveland, Cincinnati, Chicago & St. Louis Railway, proposed to establish a charge of 1 cent per 100 pounds, minimum \$5 per car, for switching traffic between respondent's point of interchange with the Lake Erie & Western Railroad and the Alexandria Paper Company's plant at Alexandria, Ind. Upon protest by the Alexandria Paper Company the schedules were suspended until November 1, 1915. Prior to the publication of the suspended schedules a charge of \$2 per car was maintained for the switching service involved and service to and from other industries at Alexandria. Following the hearing the charge to industries other than protestant's was increased to \$3 per car, effective April 12, 1915. The schedules effecting this increase were not protested and were not suspended. The Lake Erie & Western, which is not a respondent herein, absorbs respondent's switching charge to the extent of \$2 per car, irrespective of its line-haul revenue, so that protestant would bear the whole increase proposed, unless the Lake Erie & Western should increase the amount of its absorption. The record does not disclose what action the Lake Erie & Western will take in the event the switching charge proposed becomes effective. The schedules suspended were published to apply also on intrastate traffic, but upon hearing before the Public Service Commission of Indiana the carriers voluntarily agreed to withdraw their intrastate application pending the adjudication of the instant case.

Alexandria is located on respondent's Michigan division, 12 miles north of Anderson, Ind., and 40 miles south of Wabash, Ind. It is served by respondent and the Lake Erie & Western only. Protes-

tant's plant is within the defined switching limits of Alexandria. The interchange tracks of the carriers named are 6,208 feet over respondent's main line from a siding maintained by respondent. Protestant's plant is 4,000 feet up the siding. There are two crossings which delay switching to and from protestant's plant: One at the point of intersection with the Lake Erie & Western; the other over an electric line. The siding described is used also to store cars intended for protestant's plant. The switching charge imposed includes the switching of loaded and empty cars to and from protestant's plant and switching incidental to the handling and placement of cars on the siding. The switching to protestant's plant is performed by the southbound local train crew on its run from Wabash to Anderson, operating under train orders. The switching to other industries is performed by the same freight crew on its northbound local run. Protestant's is the only industry located on the siding described, and no industry in operation is situated south of the Lake Erie & Western crossing. The other industries at Alexandria are less than one-half the distance from the interchange track that protestant's plant is, and switching to them involves no use of respondent's main line, as passing or team tracks are available. About 80 per cent of the cars to and from Alexandria on which respondent has the inbound and outbound haul move to and from protestant's plant.

Respondent justifies the increased switching charge proposed by the cost of the service; the different charge imposed for switching to and from other industries at Alexandria by an alleged difference in the cost of service. Respondent expressly disclaims any attempt to protect its terminals at Alexandria by the proposed increased charge involved. Switching to protestant's plant is stated by respondent's division superintendent to require from two to three hours a day, whether the cars reach Alexandria over the Lake Erie & Western or over respondent's line. The cost of the service is placed at a minimum of \$5 per car, including crew wages, use of engine, interest on engine investment and depreciation, supplies, and road and engine-house expenses. During 1914, 694 cars were switched to and from the Lake Erie & Western from and to protestant's plant. Most of the shipments were inbound intrastate shipments of coal. On the basis of an average of two cars per day, the cost of switching one car is estimated at \$3.03, the time consumed one and one-half hours. To this amount \$1.25 is added as the aggregate cost per car for maintaining the siding used, interest on the money invested in it, and two days' per diem on foreign cars. Taxes not included in this estimate, overhead expenses other than those included in the use of the engine, and the cost of maintaining respondent's main-line track from

the interchange track to the siding are assumed to amount to more than 72 cents per car. Respondent's local agent at Alexandria placed the total time consumed in switching at two hours. On this basis the cost would be \$2.02 per car, exclusive of per diem payments, the cost of maintaining the siding used, and interest on the investment in the siding. However, two cars per day represents only an approximate average. Actually, bunching in lots of from 6 to 10 cars is frequent.

Respondent contends that the increased capacity of modern equipment and the increased cost of supplies doubles the value of the service rendered in comparison with its value when the \$2 charge was established, and in addition cites its switching charges of \$4 and \$5 per car at certain other points in the same general territory. Its tariffs show, however, that switching charges at other points in excess of \$3 per car are exceptional. To only one point, the soldiers' home at Marion, Ind., is the switching charge 1 cent per 100 pounds, minimum \$5 per car. The soldiers' home at Marion is 3 miles from respondent's passenger station at Marion. The charge to other industries at Marion is \$3.

The other industries at Alexandria do not compete with protestant, and as the reasonableness of the \$3 charge which they pay is not before us we can not use it to measure the charge involved. Upon all of the facts of record, we find that the proposed increased switching charge involved has not been justified, but that respondent has justified a flat charge of \$4 per car.

An order will be entered requiring respondent to cancel the schedules suspended but without prejudice to the publication of the flat charge of \$4 per car found justified.

1915 WESTERN RATE ADVANCE CASE.

INVESTIGATION AND SUSPENSION DOCKET No. 555.

RATE INCREASES IN WESTERN CLASSIFICATION TERRITORY.

Submitted June 26, 1915. Decided July 30, 1915.

Showing of operating results and financial condition of respondents considered, and upon the whole record, *Held:*

1. Proposed increased carload rates on grain and grain products considered as one commodity not justified.
2. Proposed increase from 30,000 pounds to 40,000 pounds in the minimum carload weight of grain products justified.
3. Proposed increased carload rates on live stock not justified.
4. Proposed increased carload rates on packing-house products and fresh meats, except as indicated between points on the Missouri River, not justified.
5. Proposed increased carload rates on fertilizer and fertilizer materials not justified.
6. Proposed increased rates on bituminous coal, except as to South Dakota points, justified. The rates on coke here proposed, which are the same as on coal, justified.
7. Proposed increased carload rates on brewers' rice and less-than-carload rates on domestic rice justified.
8. Proposed increased carload rates on broom corn not justified.
9. Proposed increased import rates and proposed increases in carload minima from Gulf ports justified.
10. Proposed increased carload rates on fruits and vegetables justified.
11. Proposed increased carload rates on hay and straw, where not in excess of class C, justified.
12. Proposed increased any-quantity rates on cotton piece goods, and proposed increased carload rates from points in Texas, not justified.

C. C. Wright, W. F. Dickinson, A. P. Humburg, R. B. Scott, T. J. Norton, and C. S. Burg for all respondent carriers.

R. Walton Moore, W. A. Northcutt, E. H. Hart, and F. G. Wright for New Orleans & North Eastern Railroad Company and Illinois Central Railroad Company.

Winston, Payne, Strawn & Shaw for Chicago & Alton Railroad Company and Chicago Great Western Railroad Company.

Clifford Thorne, W. M. Barrow, H. T. Clarke, jr., P. W. Dougherty, A. J. Edgerton, C. E. Elmquist, A. E. Helm, J. H. Henderson, G. A. Henshaw, F. A. Jones, W. E. Reed, W. H. Stutsman, and O. E. Sweet for State Railroad and Public Service Commissions of Minnesota, Nebraska, Kansas, South Dakota, North Dakota, Iowa, Oklahoma,

Louisiana, Arizona, Arkansas, Colorado, Idaho, Montana, Nevada, New Mexico, and Traffic Bureau of Utah.

A. E. Helm for Public Utilities Commission of Kansas.

G. A. Henshaw for Corporation Commission of Oklahoma.

W. L. Moose for State of Arkansas.

Everett Jennings for State Public Utilities Commission of Illinois.

A. J. Edgerton and *C. E. Elmquist* for State of Minnesota.

W. E. Reed and *H. T. Clarke, jr.*, for Nebraska State Railway Commission.

P. W. Dougherty and *O. E. Sweet* for South Dakota Railroad Commission.

A. J. Branscom for Aberdeen Commercial Club, Watertown Commercial Club, and Huron Commercial Club.

W. J. Cox for W. R. Allen's Sons Company.

D. J. McMaster for Altona Grain Company.

Samuel Wasserman and *Clifford Thorne* for American Broom & Brush Company, Amsterdam Broom Company, Gardner Broom Company, Pioneer Broom Company, and Mohawk Valley Broom Company.

A. B. Hayes and *Charles Conradis* for American Meat Packers Association.

T. W. Tomlinson for American National Live Stock Association.

A. R. Urion, *C. J. Faulkner, jr.*, and *H. K. Crafts* for Armour & Company, Armour Fertilizer Works, and Louisville Fertilizer Company.

F. A. Engler for Bee Elevator Company, Goehner Elevator Company, Staplehurst Grain Company, Farmers Elevator Company of Ulysses, Farmers Elevator Company of Bellwood, Farmers Elevator Company of Foley, Farmers Elevator Company of Utica.

P. W. Coyle and *A. F. Versen* for Business Men's League of St. Louis.

S. H. Cowan for Cattle Raisers Association of Texas, American National Live Stock Association, Truck Farmers of Laredo and Rio Grande Valley, Tex., Cotton Manufacturers Association, Rice Millers Association of Texas, Southern Rice Growers Association, Standard Milling Company, and Houston Chamber of Commerce.

J. A. O'Halloran for Clinton Sugar Refining Company.

R. W. Ropiequet for Coal Operators Traffic Bureau of St. Louis Mo., and Ohio Valley Coal Operators Association.

W. E. Lamb, *Thomas Creigh*, *R. C. Butler*, and *C. R. Hillyer* for Cudahy Packing Company, Morton-Gregson Company, Freight Traffic Commission of the Chicago Association of Commerce, Chicago Coal Merchants Association, S. C. Schenck Company, O. S. Richardson Coal Company, Globe Coal Company, Lehigh Valley Coal Sales Company, E. L. Hedstrom & Company, Eureka Coal & Coke Company, J. K. Dering Coal Company, Mitchell & Dillon Coal Company,

Williams & Peters, Philadelphia & Reading Coal & Iron Company, and Illinois Coal Operators Association.

G. R. Hall for Duluth Board of Trade and Commercial Club of Duluth, Minn.

R. O. Watkins for East Texas Fruit & Vegetable Growers Association.

G. P. Boyle and *Catherwood & Nichol森* for George A. Hormel & Company.

W. E. McCornack for Iowa Packers, John Morrell & Company, T. M. Sinclair & Company, Jacob E. Decker & Sons, Roth Packing Company, and Brittain & Company.

R. D. Sangster for Kansas City Board of Trade, Livestock Exchange of Kansas City, Commercial Club of Kansas City, Traffic Department.

Wylie M. Barrow for Railroad Commission of Louisiana, New Orleans, Louisiana, Associated Chamber of Commerce, Shreveport Chamber of Commerce, Alexandria Chamber of Commerce, Baton Rouge Chamber of Commerce, and Louisiana Livestock Breeders' Association.

Borders, Walter & Burchmore and *A. W. McLaren* for Morris & Company.

L. M. Walter for rice growers.

L. M. Walter and *E. B. Byars* for Laredo Chamber of Commerce, San Benito Commercial Club, Brownsville Chamber of Commerce, and Texas Wholesale Fruit & Produce Dealers Association.

S. W. McClure for National Wool Growers Association.

E. J. McVann for Commercial Club of Omaha, Union Stock Yards Company, South Omaha Live Stock Exchange, and Council Bluffs Commercial Club.

C. E. Childe for Traffic Bureau of Sioux City Commercial Club.

F. J. Morley for northwestern millers.

A. F. Stryker for South Omaha Live Stock Exchange.

C. I. Long for Southwestern Millers League.

G. H. Terriberry for Louisiana State Rice Milling Company, Limited, and New Orleans Board of Trade.

H. G. Krake for Commerce Club of St. Joseph, St. Joseph Board of Trade, St. Joseph Live Stock Exchange, and J. C. Smith Hide Company.

Albert H. and *Henry Veeder*, *R. C. McManus*, and *R. D. Rynder* for Swift & Company.

J. C. Storm for Amarillo Gas Company.

W. V. Hardie for Oklahoma Traffic Association.

G. S. Maxwell for Texas Cotton Manufacturers Association.

E. Middleton, *J. R. Spencer*, and *A. A. Mullins* for Potato Shippers of Texas.

J. E. Robinson for Albert Miller Company.

T. A. McGrath and *W. P. Trickett* for Minneapolis Civic and Commerce Association.

E. P. Smith for Omaha Grain Exchange.

H. H. Kennedy for Corno Mills Company and National Oats Company.

W. L. Sterling for Kansas City Mills Club.

J. H. Henderson and *Clifford Thorne* for Corn Belt Meat Producers Association.

Clifford Thorne for National Council of Farmers Co-Operative Association.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

In 1910 the railroads in official classification territory proposed increases in class and commodity rates; and likewise in western trunk line committee, trans-Missouri freight bureau, and Illinois freight committee territories there were proposed by the carriers similar rate increases, applicable, however, only to commodities. In justification of the increases then proposed the carriers alleged that their gross operating revenues, while growing, were being progressively trenched upon by operating costs; that their net revenues had become insufficient; and that they were not earning a fair return upon the value of their property.

After investigation it was held by the Commission that the carriers had not substantiated their contentions, and the proposed increased rates were required to be canceled.

In 1914 a general increase was again attempted by the carriers in official classification territory. The changes proposed were confined to freight, and the proceeding in general involved a 5 per cent increase. After investigation certain of the increased rates were permitted to become effective. The present case may be considered in some measure as the counterpart of the more recent action of the carriers in official classification territory. It involves proposed increases mainly in western trunk line committee territory, trans-Missouri freight bureau territory, and southwestern tariff committee territory.

The carriers in the present case, however, instead of claiming a uniform percentage increase in freight rates generally, have singled out particular commodities, moving mainly in carloads, and have proposed specified increases in the rates thereon. They have at the same time suggested changes affecting minimum weights; and in related proceedings have proposed increased charges for special services, increased rates on a number of miscellaneous articles, and also increases in interstate passenger fares.

The carriers base their claims to additional revenue upon the grounds of their financial needs and the downward tendency of their

net earnings in this western region and contend that commodities singled out by them to bear the proposed increases are not now carrying their equitable part of the costs of transportation.

Both of these contentions are traversed by the protestants, comprising both the state commissions of a number of the states primarily affected and individual shippers. Generally speaking, the protestants contend that the financial condition of the carriers does not warrant the proposed increase in revenue; that the last fiscal year was abnormal, both in regard to transportation and other branches of industry; and that in recent years the carriers in large measure have built up their properties to a higher standard out of operating revenues, and have thereby produced a showing which in so far as it is unfavorable is in great measure illusory. In general, it can not be said that the protestants in the instant case have alleged that conservation of the carriers' revenues can be effected by the practice of more rigid and appropriate economies, but rather that the carriers have realized and are realizing the benefit of adequate revenues; that their real net revenues have been masked by new methods of accounting; that charging against income what is asserted to be a proper charge to capital and the practice in the past of conferring valuable concessions upon shareholders of record have resulted in an understatement of the real earnings of the carriers.

It was not asserted that the rules of the Commission requiring that additions and betterments be charged to capital account were being violated nor that the higher standards are not justifiable, but rather that the mere change from a lower to a higher standard involved increased operating expenses even under the accounting rules of the Commission. Thus, if heavier locomotives require an 85-pound rail, it may be necessary to take up a 75-pound rail long before it is worn out. The labor of making the change would affect operating expenses. That such charges are made and are likely to continue during a transition period was admitted by the representatives of the railroads.

The tariffs suspended in this proceeding propose increases in carload rates on grain and grain products, live stock, fresh meat, packing-house products, hides, fertilizer materials, hay, straw, broom corn, bituminous coal, coke, fruit, vegetables, and brewers' rice, and in the any-quantity rates on cotton piece goods. Increases are also proposed in certain import and export rates through Gulf ports, and it is proposed to increase certain carload minima. A more detailed statement of these proposed increases will be given in the discussion relating to the several commodities.

In addition to the increases before us in this proceeding the carriers, parties hereto, are proposing other increases. Some of these affect interstate passenger fares now under suspension in Investiga-

tion and Suspension Docket No. 600, while others have to do with charges imposed for various special transportation services. Apart from commodities involved in import and export tariffs under suspension herein, there are also other miscellaneous commodities upon which increases have been proposed by tariffs on file and under suspension. The increases last mentioned have been suspended and are under investigation in Investigation and Suspension Docket No. 606. The effort has been made to constitute the present investigation essentially one of the propriety of increased rates which the carriers seek to impose upon a relatively small number of articles of heavy movement in the territory affected.

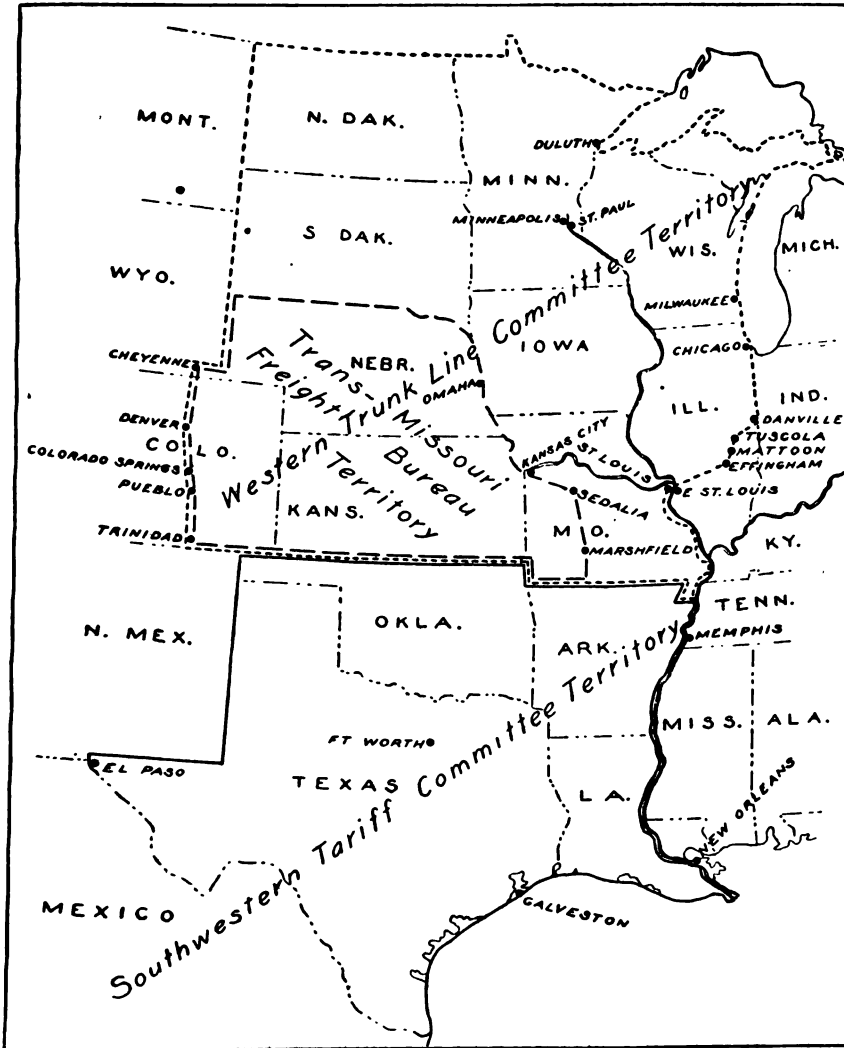
As the carriers first presented testimony relating to the inadequacy of their present revenues, that question may properly be considered prior to any consideration of the reasonableness of the proposed rates.

The general region in which the increases are proposed includes the states of Illinois, Wisconsin, Minnesota, North Dakota, South Dakota, Colorado, Nebraska. Iowa, Kansas, Missouri, Arkansas, Louisiana, Texas, Oklahoma and New Mexico. Indiana, Kentucky and Alabama are also affected as regards the coal traffic. The greater part of the territory involved by the suspended tariffs is comprised within well defined districts subject to the jurisdiction of three distinct agencies—the Western Trunk Line Committee, the Southwestern Tariff Committee, and the Trans-Missouri Freight Bureau.

The boundary line of the western trunk line territory extends south from Chicago via the Chicago, Indiana & Southern to Danville, Ill.; thence via the Chicago & Eastern Illinois to Tuscola; thence via the Illinois Central through Mattoon to Effingham; thence west by south via the Vandalia to East St. Louis, Ill., and St. Louis, Mo. From St. Louis the boundary runs south along the west bank of the Mississippi River to the eastern point of the common boundary of Missouri and Arkansas; thence westward along the southern boundary lines of Missouri, Kansas, and Colorado to a point just south of Trinidad, Colo.; thence north through Trinidad, Pueblo, Colorado Springs, and Denver to Cheyenne, Wyo.; thence via the Union Pacific to the Wyoming-Nebraska state line; thence north along the western boundary lines of Nebraska and the Dakotas; thence east along the northern boundary lines of North Dakota and Minnesota; thence southwest skirting the shore of Lake Superior; thence east along the northern boundaries of Wisconsin and the upper peninsula of Michigan; thence south along the eastern and southern boundary lines of the upper peninsula of Michigan; thence south by the eastern boundary of Wisconsin and Illinois to Chicago. The central office of the Western Trunk Line Committee is at Chicago, Ill.

The Trans-Missouri Freight Bureau's jurisdiction lies for the most part within the territory just described, and embraces Kansas, Nebraska, eastern Colorado, and southwestern Missouri south and west of Marsh-

field and Sedalia, Mo.; and also Colorado and Utah common points, but not the territory lying between Cheyenne, Denver, Colorado Springs, and Pueblo on the east and the Utah common points on the west. This bureau's central office is at Kansas City, Mo.



Map showing western trunk line, trans-Missouri freight bureau, and southwestern tariff committee territories.

The Southwestern Tariff Committee, with central office at St. Louis, Mo., exercises general jurisdiction, with certain exceptions, over traffic between Texas, Oklahoma, Arkansas, and Louisiana points west of the Mississippi River.

The accompanying map will indicate the general region involved and the boundaries of the transportation territories embraced therein.

The aggregate additional revenue which would annually accrue to the carriers by reason of the proposed increase in freight rates was originally estimated by them at \$10,000,000. This estimate, however, apparently included savings that would arise from the elimination of certain special transportation services and revenue from higher charges collected for such services. As previously indicated, these special services have been transferred to another docket; and the proposed increase in passenger fares is also suspended in another proceeding. From various estimates of record made by witnesses for the protestants and the respondents, and based upon the higher figure where the estimates disagreed, the following table is compiled as indicating roughly the annual increase in the carriers' revenue were the tariffs involved in this proceeding allowed to go into effect:

Grain and grain products.....	\$2, 940, 237
Live stock.....	1, 500, 000
Packing-house products and fresh meats.....	1, 500, 000
Hay and straw.....	175, 000
Broom corn.....	31, 623
Coal.....	1, 226, 122
Fruits and vegetables.....	134, 285
Rice.....	42, 000
Import rates.....	55, 000
Total.....	7, 604, 247

For the 41 roads included in the carriers' exhibits the total freight revenues received in the fiscal year 1914 were approximately \$641,000,000. It appears, therefore, that the increases proposed in the present proceeding would fall within 2 per cent of the total freight revenue. Such additional freight revenue as might accrue from tariffs under suspension in Investigation and Suspension Docket No. 606 might possibly bring the total increase to 2 per cent of the carriers' freight revenue for 1914. The amount of additional revenue from proposed increases in passenger fares is not of record in this case.

Inasmuch as the work of railroad valuation by the Commission has not as yet sufficiently advanced to afford definite knowledge of the true value of the railroad properties involved in this proceeding, we are confronted at the outset with the problem of finding an appropriate method, if such there be, which might aid in determining the reasonableness and propriety of the proposed increased rates. It is hardly necessary to say that the duty of determining the justice and reasonableness of rates devolved by law upon the Commission prior to the authorization by Congress of the work of valuation, and that the Commission has been obliged to determine this issue without having available for its use authoritative valuations of the carriers' property. In approaching this problem we shall first study variations in the operating ratio for recent years. We shall next analyze the investments of carriers since 1907 and

the concomitant variations in the revenue returns. Our accounting rules have been in force since that date, and the statements of additions and betterments to property and the contemporaneous revenue returns are believed to be substantially accurate. We shall thereafter analyze the variations in the carriers' revenues as compared with the book cost of their property, a procedure hitherto employed, but always with acknowledgment of the unverified character of the book cost in 1907 and the infirmity which its inclusion in subsequent figures of book cost entails. Next in order will come an analysis of such evidence as is of record with reference to valuations made by state commissions, by the carriers themselves in some instances, and by engineers who have testified in this case. Finally, before undertaking the study of increases proposed on individual commodities, we shall scrutinize the evidence bearing upon the financial experience of the carriers as regards their returns and their credit.

THE OPERATING RATIO.

The operating ratio for any year, as that term is technically employed in the Commission's statistics, is the ratio of that year's operating expenses to operating revenues. From the standpoint of the railway corporation it may be not inappropriate to assimilate taxes and rentals to operating expenses, as all are costs which must be paid out of gross revenue. In gauging the profitableness of the railroad industry, therefore, the inclusion of taxes and rentals along with operating expenses may more accurately mirror its situation than the use of the operating ratio in the sense above defined. At all events, no confusion of thought is involved if in comparing various operating ratios they are all based upon the same method, either excluding or including taxes and rentals in all cases.

It is almost a commonplace to say that the operating ratio can be used as an index of the relative prosperity of carriers only after due allowance is made for other factors which might qualify the showing which the operating ratio indicates upon its face. The ratio shows the number of cents out of each dollar of operating revenue which is charged to operating expenses and thus indirectly the amount treated as net operating revenue.

An increased operating ratio is compatible with increased net return upon investment where, without corresponding increase in the carriers' investment, the gross revenues rise and still afford a larger net revenue over the contemporaneously increased expenses of operation. In the present analysis of the operating ratio, however, we proceed without making assumptions as to the amount of investment. The subsequent study of the concomitant variations as between increments of investment since 1907 and the increments in net revenues accruing since 1907 will serve as a check against erro-

neous deductions which might otherwise be drawn from the use of the reported book cost.

Similarly a number of factors such as unusual expenses incurred by reason of floods or washouts or occasioned by the shrinkage of heavy traffic due to strikes or the cessation of shipments from industries of large output, such as coal mines, might indicate by the rise in the operating ratio a depression in the prosperity of the carrier, which would be as transient as the causes which may for the time being have raised the operating ratio.

Another factor which may easily alter the operating ratio is a change in accounting. Should a new method of accounting make charges to operation not theretofore customary, such as allowances for depreciation, or more generous apportionments for maintenance than were formerly in vogue, the effect might be reflected in an increased operating ratio. Such an increased ratio would in reality mirror not a decline in the carriers' prosperity, but merely an addition to the list of operating expenses.

This consideration is of particular importance in the instant case, where the protestants aver that the Commission's accounting rules established in 1907 and changes in the carriers' practices required thereby have been largely responsible for the subsequent rise in the carriers' operating ratio. A careful statistical study of this factor has been made, with results indicated in Table 10, p. 519, *infra*, where the attempt has been made to measure the correction necessary for one of the most important changes in accounting rules prescribed in 1907.

To test the change in the operating ratio of the carriers parties to this case, we have compared for the period 1901-1914 the data submitted for 41 roads by the carriers' witness Wettling, the data for 13 roads submitted by the protestants' witness Powell, and for 26 roads selected by ourselves. As will be indicated by Table 1, figures for the carriers' group and for the Commission's group are given for each group as a whole, and for the western and southwestern divisions thereof. In constituting our group of 26 carriers we have excluded the Union Pacific, the Northern Pacific, and the Great Northern on the ground that their participation in the increases proposed is slight, even though they are technically parties to the case. Except for the three carriers named, our group of 26 roads embraces all carriers in the territory affected having gross revenues in excess of \$5,000,000 in the fiscal year 1914. In subdividing these carriers as between the southwest and the western trunk line and trans-Missouri territories, we have included the Santa Fe and the Rock Island in each group because their lines extensively penetrate the entire territory.

Except for the exclusions just noted, our basis for the selection of the 26 carriers which we take as representative is the geographical

location of their lines and the relative magnitude of their gross earnings. Such a selection leaves out various minor and subsidiary lines whose inclusion, although warranted by the text of suspension orders in the instant case, would involve augmented statistical labor of compilation, with small likelihood of alteration in the tendencies indicated. The carriers included in the various groups are named in the footnotes to Table 1.

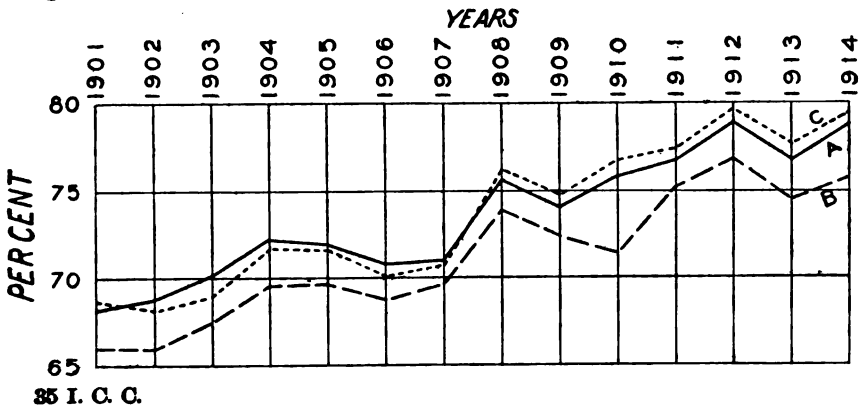
Inspection of this table and the chart following substantiates the fact, to which all of the comparisons bear witness, that for the roads involved, irrespective of their territorial grouping, there has been since 1901 an increase in the operating ratio of almost exactly 10 in the ratio.

TABLE 1.—Operating ratios by groups¹ of roads: 1901–1914.

Year.	Ratio of operating expenses (including taxes and rentals ²) to operating revenues.						
	Railroad witness Wetling.				Protestant witness Powell, 13 western roads.	Commission's compilation.	
	Forty-one western and south-western roads.	Group I, western trunk line.	Group III, south-western.	Twenty-six roads.		Western trunk line and trans-Missouri.	South-western.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	68.14	66.31	66.20	66.0	68.64	69.16	68.23
1902.....	68.74	66.03	68.34	65.9	68.16	66.92	68.05
1903.....	70.06	67.02	70.16	67.5	68.91	67.20	71.31
1904.....	72.19	69.52	72.64	69.6	71.78	70.55	73.30
1905.....	71.98	69.82	73.49	69.7	71.62	71.06	73.54
1906.....	70.80	69.13	71.60	68.8	69.92	70.10	70.62
1907.....	70.98	70.30	69.71	69.7	70.07	70.80	69.57
1908.....	75.69	73.40	77.00	73.9	76.24	74.88	77.36
1909.....	74.07	71.71	73.84	72.4	74.74	74.06	73.89
1910.....	75.81	75.32	76.05	71.4	76.78	76.80	76.07
1911.....	76.72	75.88	76.89	75.2	77.50	77.58	75.76
1912.....	78.96	75.55	76.88	76.9	79.64	79.90	77.00
1913.....	76.77	74.84	75.66	74.6	77.64	77.77	76.56
1914.....	78.81	76.13	78.07	75.8	79.45	79.20	78.71

¹ For roads included in various groups see list following chart A. ² Includes net rents for lease of road.

CHART A.—Operating ratios, 1901–1914. A, 41 roads (railroad witness); B, 13 roads (protestant witness); C, 26 roads (Commission's compilation). Data from Table 1.



LISTS OF ROADS INCLUDED IN VARIOUS GROUPS FOR WHICH RATIOS ARE SHOWN
IN TABLE 1.

Wetling group I.—Atchison, Topeka & Santa Fe system; Chicago & Alton; Chicago & North Western; Chicago, St. Paul, Minneapolis & Omaha; Chicago, Burlington & Quincy; Quincy, Omaha & Kansas City; Chicago Great Western; Chicago, Milwaukee & St. Paul; Chicago, Rock Island & Pacific system; Minneapolis & St. Louis; Iowa Central; Missouri Pacific.

Wetling group III.—Atchison, Topeka & Santa Fe system; Chicago, Rock Island & Pacific system; International & Great Northern; Kansas City Southern system; Missouri, Kansas & Texas system; Missouri Pacific; St. Louis, Iron Mountain & Southern; New Orleans, Texas & Mexico system; St. Louis & San Francisco system; St. Louis Southwestern system; Texas & Pacific system.

Wetling, 41 roads.—Includes the following in addition to those mentioned in groups I and III: Chicago, Indiana & Southern; Colorado & Southern; Fort Worth & Denver City; Wichita Valley; Colorado Midland; Denver & Rio Grande; Fort Smith & Western; Illinois Central; Louisiana & Arkansas; Minneapolis, St. Paul & Sault Ste. Marie; Wisconsin Central; Missouri & North Arkansas; Missouri, Oklahoma & Gulf system; San Antonio & Aransas Pass; San Antonio, Uvalde & Gulf; St. Joseph & Grand Island; Sunset Central lines; Trinity & Brazos Valley; Texas-Mexican; Vicksburg, Shreveport & Pacific; Wabash.

Powell, 13 roads.—Atchison, Topeka & Santa Fe; Chicago & North Western; Chicago, St. Paul, Minneapolis & Omaha; Chicago, Burlington & Quincy; Chicago Great Western; Chicago, Milwaukee & St. Paul; Chicago, Rock Island & Pacific; Kansas City Southern; Missouri, Kansas & Texas; Missouri Pacific; St. Louis, Iron Mountain & Southern; St. Louis Southwestern; Texas & Pacific.

Commission's compilation, western trunk line and trans-Missouri.—Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Chicago & Alton; Chicago & North Western; Chicago, Burlington & Quincy; Chicago Great Western; Chicago, Milwaukee & St. Paul; Chicago, St. Paul, Minneapolis & Omaha; Minneapolis & St. Louis; Missouri Pacific; Wabash; Illinois Central; Chicago & Eastern Illinois; Minneapolis, St. Paul & Sault Ste. Marie.

Commission's compilation, southwestern.—Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Colorado & Southern; El Paso & Southwestern; Gulf, Colorado & Santa Fe; Houston & Texas Central; International & Great Northern; Kansas City Southern; Missouri, Kansas & Texas system; St. Louis & San Francisco; St. Louis, Iron Mountain & Southern; St. Louis Southwestern; Texas & Pacific; Galveston, Houston & San Antonio.

It will be noted that two roads are given in both groups. The list covers roads in the territory involved having total operating revenues of over \$5,000,000 in 1914, except the Great Northern, Northern Pacific, and Union Pacific.

As a rule only the larger subsidiaries formerly making independent reports have been included for earlier years.

In order to provide in the Commission's compilation above a substantially uniform basis for the comparison of operating ratios for the period covered by these tables, modifications of the returns given in the reports of the various carriers have been made, as follows: For the years 1908 to 1914 there were added to the operating revenues from rail operations (1) the revenues from outside or auxiliary operations; (2) the credit balance, if any, in hire of equipment; (3) joint facility rent income; and (4) miscellaneous rent income. Correspondingly there were added to the operating expenses of rail operations (1) the expenses of outside or auxiliary operations; (2) the debit balance, if any, in hire of equipment; (3) joint facility rent deductions; and (4) miscellaneous rent deductions.

For the years 1901 to 1907 there were deducted from both gross earnings from operation and operating expenses as reported the debit balance, if any, for switching charges. Likewise the amount of permanent improvements reported as included in operating expenses was deducted from operating expenses.

The operating ratios used, except where otherwise noted, were computed on the basis of the modified revenues and the modified expenses thus reached. No adjustment is made in Table 1 on account of introduction of depreciation charges, a subject which is considered in Table 10.

That there has been an increase in the operating ratio for this period is incontestable. The fact is proof primarily that of every dollar in revenue received the amount remaining in the carriers' hands after charging operating expenses, taxes, and rentals, is for the 26 roads approximately 20.5 cents in 1914 as against 31.3 cents in 1901.

It must be observed that the rise in the ratio between 1907 and 1908 is decidedly accentuated, and this suggests the necessity for investigating how far the rise is attributable to the carriers' practices under the Commission's accounting rules promulgated in 1907. It is also worthy of note that since 1910 the operating ratio for the majority of roads in the northwest has not very greatly altered. An inspection of Table 31 in the appendix is illustrative.

The changes in the operating ratio are due to variations in expenses or in revenues. It is consequently of importance to determine the influences which have operated, respectively, upon the level of earnings and expenses.

The subjoined Table No. 2, shows from data derived from the same sources as those indicated in Table No. 1 the receipts per ton-mile and per passenger mile and the revenues and expenses per equated traffic unit for the period 1901-1914. The equated traffic unit is arbitrarily obtained by adding to the freight ton-miles three times the passenger miles and using the sum as a divisor of the total operating expenses and the total operating revenues, respectively. The passenger miles are multiplied by three for the reason that, roughly speaking, the expenses per passenger mile are three times the expenses per freight mile. The mail and express traffic are not represented. If a division of expenses between freight and passenger traffic were available, such a device would not be used.

Employing the basis of the equated traffic unit, all of the comparisons coincide in showing that the revenues received per unit show a decline in this period and that the expenses incurred per unit show an increase. Of perhaps equal significance is the fact that the percentage of variation between the showing based on the carriers' data, the protestants' data, and the Commission's data is slight. Incidentally it is to be observed that all three alike show a notable fall in revenue per equated unit as between 1907 and 1908, and that all three alike show an increase, though much less marked, in the expenses per unit as

between the two years. The inference would not seem far-fetched that the variations in the operating ratio between the two years, to which previous allusion has been made, must in some considerable degree be attributed to the fall in revenue per equated unit, which must be considered along with the change ascribed to carriers' practices under the accounting rules first in force for the fiscal year 1908.

TABLE 2.—*Various comparisons of revenue per ton-mile, per passenger mile, and revenues and expenses per equated traffic unit: 1901-1914.*

Year.	Railroad witness Wetling. 41 roads. Revenue per—		Operating revenues and expenses per equated traffic unit based on Wetling's exhibit.		Protestant witness Powell. Per equated traffic unit.		Commission's compilation, 10 roads. Revenues and expenses per equated traffic unit. ¹	
	Ton-mile.	Passenger mile.	Revenues.	Expenses.	Revenues.	Expenses.	Revenues.	Expenses. ²
	<i>Mills.</i>	<i>Cents.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>
1901.....	8.64	2.16	8.93	6.09	9.17	6.06	9.19	5.73
1902.....	8.61	2.13	8.86	6.09	8.93	5.88	9.06	5.63
1903.....	8.53	2.13	8.82	6.18	9.31	6.29	9.12	5.65
1904.....	8.77	2.14	9.03	6.52	9.34	6.50	9.22	6.06
1905.....	8.62	2.03	8.75	6.30	9.17	6.40	9.02	5.90
1906.....	8.27	2.08	8.57	6.07	8.91	6.13	8.88	5.74
1907.....	8.50	2.15	8.81	6.25	9.00	6.27	8.96	5.88
1908.....	8.47	1.97	8.56	6.48	8.69	6.42	8.72	6.06
1909.....	8.55	1.96	8.59	6.36	8.87	6.42	8.81	5.99
1910.....	8.49	1.99	8.57	6.50	8.98	6.41	8.90	6.35
1911.....	8.65	2.04	8.76	6.72	9.23	6.94	9.16	6.54
1912.....	8.49	2.07	8.75	6.91	9.06	6.97	9.05	6.56
1913.....	8.36	2.11	8.60	6.65	8.91	6.65	8.89	6.25
1914.....	8.27	2.05	8.53	6.72	8.76	6.67	8.81	6.29

¹ The 10 roads are the following: Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Chicago & Alton; Chicago & North Western; Chicago, Burlington & Quincy; Chicago, Milwaukee & St. Paul; Minneapolis & St. Louis; Missouri, Kansas & Texas system; Missouri Pacific; St. Louis & San Francisco.

² Taxes and net rents for lease of road not included in this column, but these items are included in the fifth and seventh columns of figures.

The equated traffic unit is obtained by adding to the ton-miles three times the passenger miles, thus reducing all traffic to approximately a ton-mile basis. Total operating revenues and expenses are used as dividends.

It is apparent that ton-mile revenues do not constitute a criterion for changes in rates. Increases in the average length of haul as well as in the character of the traffic handled would affect the rate level. In case the average length of haul should increase, the possible decline in the cost per unit of service might offset a decline in the average receipts per unit of service. Similarly if a change should occur in the composition of the traffic whereby an increased percentage of the tonnage should consist of lumber or coal, the volume of tonnage on low-grade commodities might allow of a reduction in the unit cost of transportation which would counteract the lowered average of receipts per ton-mile.

It is also apparent that the ton-mile earnings, while relatively low in 1914, were the same as in 1906, on Wetling's 41 roads taken as a whole, viz, 8.27 mills per ton-mile; that the highest ton-mile earnings were 8.77 in 1904, the second highest 8.65 in 1911, and the

third highest 8.64 in 1901; that passenger-mile earnings experienced an abrupt decrease in 1908 following the 2-cent fare laws in many of the states involved; and that the use of a factor of 3 to 1 as against the average here of 2.4 to 1 in computing the equated traffic unit when applied to the passenger-mile earnings for years before and after that drop, produces such results as are shown for the years 1901 and 1911. In 1901 the ton-mile earnings were 8.64 mills as against 8.65 for 1911, but in the former year the passenger-mile earnings were 2.16 cents as against 2.04 for the latter year, with the result that the operating revenue per equated traffic unit for 1901 appears as 8.93 mills as against 8.76 mills for 1911. In other words, a decrease of 1.2 mills in passenger-mile earnings worked a decrease of 0.17 mills in operating revenue per equated traffic unit. So, again, for the years 1910 and 1912 the ton-mile earnings were the same, the passenger-mile earnings were 1.99 cents in the former and 2.07 cents in the latter, a difference of 0.8 mills, which increased the operating revenues per unit for that year by 0.18 mills.

The increase in expenses per equated traffic unit is set forth in Table 2; and the variation in expenses per equated unit, in Table 2 above, shown from the data based upon the carriers', the protestants', and the Commission's groups of carriers, as between the years 1901 and 1914 is remarkably slight. The variation ranges from 0.56 mills shown by the Commission's figures to 0.62 mills and 0.63 mills shown respectively by the figures of the protestants and the carriers. We shall proceed to canvass the causes contributing to this increased cost under the following heads: Labor costs, taxes, maintenance costs, and various miscellaneous items including, among others, fuel, train supplies, loss and damage claims, and injuries to persons.

Labor.—The increase in average daily wages as between 1900 and 1914, with the ratios of aggregate wage increases to the aggregate operating expenses and revenues for 1914, based upon data submitted by the carriers for the 41 roads covered by Wettling's exhibit is shown in subjoined Table 3. As a check upon this presentation there are printed in parallel columns the corresponding increases shown by the annual reports of the Chicago, Rock Island & Pacific to the Commission. While the increase shown by this particular carrier is only about two-thirds of the average indicated by the 41 roads, the increases have been general, and in the aggregate substantial. Table 38, printed in the appendix, shows for the Chicago & North Western Railway and for the Atchison, Topeka & Santa Fe Railway, percentages more nearly in accord with those indicated in Wettling's exhibit for the 41 roads. The wide variation in the

increases in the average daily wages on different roads for the same class of employees is probably due to varying methods of compiling the number of days worked. The figures may nevertheless be used as illustrating the general increase in wage rates.

TABLE 3.—*Effect of wage increases on operating ratio.*

[Increase 1914 over 1900 in average daily compensation in separate classes of employment applied to number of days worked in each class.]

Occupation.	Railroad witness Wet- ling, 41 roads.		C. R. I. & P. Ry., Commission's com- pilation.	
	Increase in aver- age daily wages, 1914 over 1900.	Amount of increase for number of days worked in 1914.	Increase in aver- age daily wages, 1914 over 1900.	Amount of increase for number of days worked in 1914.
Other officers (excluding general officers).....	¹ 30.33	¹ \$352,238	\$0.15	\$16,379
General office clerks.....	.21	1,766,098	.03	17,653
Station agents.....	.39	1,745,241	.16	63,486
Other station men.....	.35	5,261,053	.04	48,099
Enginemen.....	1.41	8,362,397	.09	330,974
Firemen.....	.90	5,884,543	.59	294,604
Conductors.....	1.23	5,340,001	.47	161,976
Other trainmen.....	.90	12,572,505	.55	659,138
Machinists.....	1.11	5,273,072	.96	241,141
Carpenters.....	.49	3,391,465	.28	190,551
Other shopmen.....	.57	14,720,709	.08	1,552,390
Section foremen.....	.34	1,945,431	.17	73,377
Other trackmen.....	.31	9,252,719	.23	438,756
Switch tenders, etc.....	¹ 1.47	¹ 1,100,453	.....	(²)
Telegraph operators and dispatchers.....	.51	1,998,419	.13	47,092
Employees' floating equipment.....	.80	97,049	.82	435
All other employees and laborers.....	.37	8,599,880	.....	.....
Total amount of increase.....	.....	84,758,690	.....	4,126,690
Total operating revenues.....	.....	912,300,041	.....	65,388,803
Ratio of wage increase to operating revenues, per cent.....	.....	9.29	.....	6.31
Total operating expenses.....	.....	\$657,941,385	.....	\$48,893,139
Ratio of wage increase to operating expenses, per cent.....	.....	12.88	.....	8.44

¹ Decrease.

² Switch tenders, etc., combined with "other trainmen."

³ Calculated on basis of increase over the average for all other employees, excluding general officers, in 1900.

The evidence presented by the carriers in the matter of increased wages makes no distinction between wages paid for operation and wages paid for construction. Since this affects each year in the series, the comparative value of the figures is not seriously impaired. The Commission, while unable to differentiate quantitatively between the two different forms of labor compensation just noted, has had constructed a table which indicates for the period 1901-1914 the ratio of total labor compensation to total operating revenues and to total operating expenses. The table, No. 4, is subjoined.

TABLE 4.—*Labor compensation*¹ compared with total operating revenues and total operating expenses: 1901-1914.

Year.	Railroad witness Wettling, 41 roads. Ratio of labor compensation to total operating revenues. ²	Commission's compilation, 10 selected roads. ³		Year.	Railroad witness Wettling, 41 roads. Ratio of labor compensation to total operating revenues. ²	Commission's compilation, 10 selected roads. ³	
		Ratio of labor compensation to total operating revenues. ⁴	Ratio of labor compensation to total operating expenses. ⁴			Ratio of labor compensation to total operating revenues. ⁴	Ratio of labor compensation to total operating expenses. ⁴
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	38.2	36.5	58.5	1908.....	43.5	41.5	59.7
1902.....	39.0	37.4	60.2	1909.....	41.6	40.3	59.3
1903.....	41.3	39.0	62.3	1910.....	42.9	41.5	58.2
1904.....	41.7	39.9	60.8	1911.....	43.1	41.0	57.4
1905.....	40.8	38.5	60.5	1912.....	45.0	42.7	58.6
1906.....	40.5	38.9	60.1	1913.....	44.2	42.4	60.3
1907.....	40.7	39.6	60.4	1914.....	44.4	42.8	60.0

¹ As shown by pay rolls and thus includes certain labor compensation not chargeable to operating expenses.

² For list of roads see Table 2, note 1.

³ Labor compensation includes general officers.

⁴ Labor compensation excludes general officers.

⁵ Chicago, Milwaukee & St. Paul not included.

Taxes.—The amount paid in taxes by the carriers parties to this case shows a material increase as between 1901 and 1914. These amounted in the beginning of the period to about 3½ per cent of the operating revenues, but in 1914 they absorbed over 4½ per cent. In this respect the situation disclosed is in marked contrast to the Commission's finding in *Advance in Rates—Western case*, 20 I. C. C., 307, 344, where it was said—

that in this case it has been discovered that the ratio of taxes to operating revenues of the carriers remains approximately the same throughout the years. While the absolute tax somewhat increases, the relative tax does not increase.

The increase shown by the exhibit of the carriers' witness Wettling, checked by similar figures for 10 roads selected by the Commission for comparison, is given in the subjoined table, No. 5.

TABLE 5.—*Taxes compared with operating revenues: 1901-1914.*

Year.	Ratio of taxes to operating revenues.		Year.	Ratio of taxes to operating revenues.	
	Railroad witness Wettling, 41 roads.	Commission's compilation, 10 selected roads. ¹		Railroad witness Wettling, 41 roads.	Commission's compilation, 10 selected roads. ¹
	<i>Per cent.</i>	<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>
01.....	3.2	3.27	1908.....	3.6	3.33
02.....	3.1	3.04	1909.....	3.6	3.36
03.....	3.0	2.96	1910.....	3.7	3.66
04.....	3.1	3.03	1911.....	3.7	3.61
05.....	3.2	3.10	1912.....	4.1	4.10
06.....	3.1	3.03	1913.....	3.9	3.32
07.....	3.1	3.04	1914.....	4.6	4.33

¹ Chicago & North Western; Chicago, Burlington & Quincy; Chicago, Rock Island & Pacific; Atchafalpa & Santa Fe; Chicago & Alton; Chicago, Milwaukee & St. Paul; Minneapolis & St. Louis (including Iowa Central); St. Louis & San Francisco; Missouri Pacific; Missouri, Kansas & Texas system.

Maintenance.—There centered around the question of the interpretation of expenses for maintenance more acute differences between the carriers and the protestants than about any or all other items of cost. This matter hinges largely upon the carriers' practices under the accounting rules prescribed by the Commission in 1907, which are separately discussed below. For present purposes the correction or allowance necessitated by reason of the practices in question is omitted and the consideration of these expenses is made provisionally upon the basis of figures indicated in the table printed next below. The ratio of maintenance of ways and structures, of equipment, and of all other operating expenses to the total operating revenues for the period 1901–1914 is given in the subjoined table No. 6 and accompanying chart B (p. 515). As the table indicates, the showing of the carriers is checked by analogous figures for nine roads selected by the Commission.

TABLE 6.—*Ratio of maintenance expenses and other operating expenses to total operating revenues: 1901–1914.*

Year.	Railroad witness Wetling, 41 roads.			Commission's compilation, 9 selected roads. ¹		
	Ratio maintenance of way and structures to total operating revenues.	Ratio maintenance of equipment to total operating revenues.	Ratio all other operating expenses to total operating revenues. ²	Ratio maintenance of way and structures to total operating revenues.	Ratio maintenance of equipment to total operating revenues.	Ratio all other operating expenses to total operating revenues. ³
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	15.2	10.8	37.9	15.5	11.1	34.1
1902.....	15.0	11.3	38.1	15.0	11.1	34.7
1903.....	15.0	11.6	39.3	14.7	11.3	34.9
1904.....	13.5	12.6	41.9	12.9	12.3	34.1
1905.....	13.6	13.1	40.8	12.8	12.8	34.1
1906.....	12.9	13.5	39.0	12.8	14.2	34.1
1907.....	12.5	12.7	39.6	14.1	14.2	34.1
1908.....	14.2	14.2	42.7	12.8	12.8	34.1
1909.....	12.7	14.5	41.2	12.8	12.8	34.1
1910.....	14.7	14.6	42.2	15.1	12.8	34.1
1911.....	13.5	15.1	43.6	13.3	14.6	34.1
1912.....	13.7	15.6	44.8	14.0	15.0	34.1
1913.....	13.7	16.0	42.4	12.7	15.7	34.1
1914.....	14.0	16.6	42.9	12.0	16.0	34.1

¹ For list of roads, see Table 31.

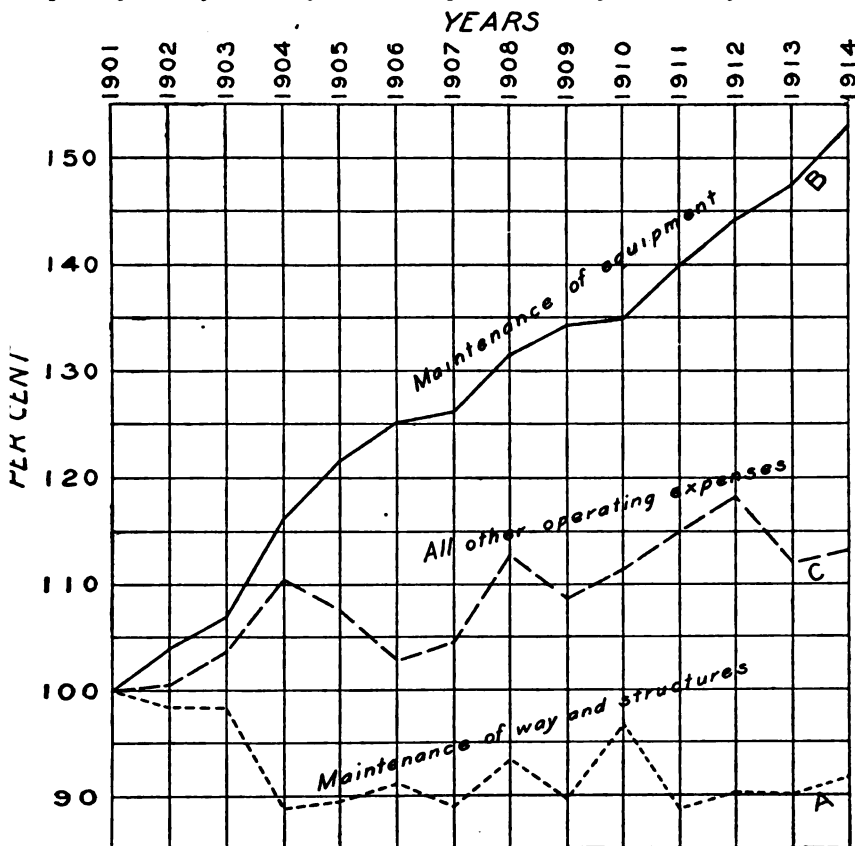
² Includes hire of equipment, joint facility, and miscellaneous rents and outside operations.

³ Includes hire of equipment, joint facility, and miscellaneous rents.

Inspection of Table 6 indicates that while the operating expenses have progressively increased in proportion to revenues, with occasional yearly recessions, the relative increase is most marked in the matter of maintenance of equipment. It can not be said, however, that the year 1908 marked the beginning of a notable increase in this item. It had begun prior to that year, and for two years thereafter it appears to have been held practically in abeyance. The increase in the ratio of this item to total revenues seems largely traceable to the substitution of heavier locomotives and cars of steel or of steel under frame construction. Some considerable part of the increased outlay upon maintenance of equipment would appear from the testimony to

be traceable to the injury occasioned by the use of the heavier steel cars in connection with the older wooden equipment. In Table No. 7, page 516, the third column of figures indicates the percentage which maintenance of equipment charged to operating expenses bears to the cost of equipment. This is also indicative of the fact that there have been no abnormal increases in these expenses, and such increases as have accrued are shown by the record to result from the fact that the economies sought to be realized from

CHART. B—Ratio of (A) maintenance of way and structures; (B) maintenance of equipment; and (C) other operating expenses, to operating revenues. Relative figures, the operating ratios of 1901 being taken as 100 per cent. Data from Table 6 for 41 roads.



the heavier equipment have in large part been neutralized by the heavier maintenance costs.

Table No. 7 presents an exception to the general rule under which the discussion of operating ratio has been hitherto prosecuted, in that the second, third, and fourth columns are based on cost figures of road, of equipment, and of road and equipment. The comparison, however, of maintenance charges to book costs is given by way of appraising the extent to which maintenance charges have risen in this period.

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TABLE 7.—*Maintenance expenses and investment compared, eight roads:¹ 1899-1914*

Year.	Protestant witness Powell.		
	Per cent maintenance of way and structures expense is of cost of road.	Per cent maintenance of equipment expense is of cost of equipment.	Per cent maintenance of road and equipment expenses combined are of cost of road and equipment.
1899.....	2.60	13.21	3.93
1900.....	2.91	13.14	4.21
1901.....	2.99	13.76	4.35
1902.....	2.92	14.05	4.53
1903.....	3.29	14.75	4.91
1904.....	2.93	14.51	4.66
1905.....	3.10	16.95	5.11
1906.....	3.39	18.40	5.69
1907.....	3.55	19.23	6.31
1908.....	3.66	17.18	5.39
1909.....	3.53	17.57	5.37
1910.....	4.23	17.79	6.57
1911.....	3.60	17.17	6.05
1912.....	3.53	16.35	5.37
1913.....	3.49	17.09	6.01
1914.....	3.21	15.57	5.59

¹ Atchison, Topeka & Santa Fe; Chicago, Burlington & Quincy; Chicago, Milwaukee & St. Paul; Chicago & North Western; Chicago, St. Paul, Minneapolis & Omaha; Chicago, Rock Island & Pacific; Missouri, Kansas & Texas; St. Louis Southwestern.

In order not to encumber unduly the text of this report Tables Nos. 33 and 34, illustrating collateral features bearing upon the maintenance costs, are printed in the appendix. But to illustrate the extent to which maintenance of equipment since 1907 may have been higher than normal, a tabular presentation of charges for repairs, renewals, and depreciation of locomotives per 1,000 pounds of tractive power, and of freight cars per ton of capacity, is given in the subjoined table, No. 8.

TABLE 8.—*Locomotive and freight-car repairs, renewals, and depreciation compared with tractive power and capacity, respectively, western and southwestern roads: 1908-1914.*

Year.	Average charges for repairs, renewals, and depreciation per 1,000 pounds of tractive power of locomotives in service at close of year.		Average charges for repairs, renewals, and depreciation per ton of capacity of freight cars in service at close of year.	
	Western. ¹	South-western. ²	Western. ¹	South-western. ¹
1908.....	\$101.65	\$96.99	\$2.23	\$2.48
1909.....	104.20	99.19	2.52	2.64
1910.....	112.79	105.83	2.68	2.66
1911.....	116.42	113.51	2.53	2.42
1912.....	110.55	105.44	2.44	2.23
1913.....	112.15	112.75	2.55	2.55
1914.....	108.95	108.98	2.62	2.80

¹ Includes the following roads: Chicago & Alton Railroad; Chicago & Northwestern Railway; Chicago, St. Paul, Minneapolis & Omaha Railway; Chicago, Burlington & Quincy Railroad; Chicago Great Western Railroad; Chicago, Milwaukee & St. Paul Railway; Illinois Central Railroad; Minneapolis & St. Louis Railroad; Iowa Central (covered by Minneapolis & St. Louis Railroad Company's reports since Dec. 31, 1911); Minneapolis, St. Paul & Sault Ste. Marie Railway; Missouri Pacific Railway; Wabash Railroad; Chicago, Rock Island & Pacific Railway; Atchison, Topeka & Santa Fe Railway.

² Includes the following roads: Chicago, Rock Island & Pacific Railway; Atchison, Topeka & Santa Fe Railway; Gulf, Colorado & Santa Fe Railway; International & Great Northern Railway; Kansas City Southern Railway; Missouri, Kansas & Texas lines; New Orleans, Texas & Mexico Railroad (first report for 10 months in 1910); St. Louis, Brownsville & Mexico Railway; St. Louis & San Francisco Railroad; St. Louis, Iron Mountain & Southern Railway; St. Louis Southwestern Railway; Texas & Pacific Railway.

Except as noted, adjustment for consolidation of roads has not been made where this grouping is used, which was adopted for the purpose of preliminary test.

Some of the carriers' witnesses contended that heavy repair costs were entailed by the keeping in service of old equipment which their financial condition precluded them from scrapping and replacing by new cars. But it seems not unlikely that while the transition period during which light and heavy equipment are jointly used may necessitate unusually heavy repairs, the repairs normally demanded by the heavier equipment may be larger than had been estimated when its use was projected.

Apart from the question reserved for later discussion of the carriers' practices under the Commission's accounting rules prescribed in 1907, it can not be affirmed with any degree of certainty that the increased charges for maintenance of equipment are excessive or undue. They seem rather to be a consequence of the general tendency to introduce heavier equipment, of the contemporaneous use of equipment, old and new, and in measurable degree attributable to the carriers' interpretation of the demand for transportation facilities of greater carrying capacity and of greater tractive power than formerly in vogue.

Miscellaneous items.—The showing of previous statistical tables of increased costs of labor, taxes, and maintenance is paralleled by a study of the trend of various miscellaneous items, such as enginemen and engine-house expenses, fuel, water, road trainmen, train supplies, loss and damage, injuries to persons, and clearing wrecks. Save for the expenses of road trainmen, which for the whole period 1901–1914 are relatively constant, each of the items above enumerated shows a pronounced tendency to increase. Quantitatively, fuel is the most important of the items here studied. The relative percentages of increase are indicated in the following table, No. 9:

TABLE 9.—*Ratios of certain accounts to operating revenues, western and southwestern railroads: 1901–1914.*

WESTERN RAILROADS.¹

Year.	Commission's compilation.							
	Enginemen and engine-house expenses.	Fuel.	Water.	Road trainmen.	Train supplies.	Loss and damage.	Injuries to persons.	Clearing wrecks.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	6.41	7.07	0.40	4.45	1.04	0.51	0.58	0.06
1902.....	6.29	7.01	.42	4.20	1.05	.09	.77	.08
1903.....	6.56	7.65	.40	4.34	1.14	.73	.76	.12
1904.....	6.81	8.85	.45	4.72	1.19	.99	.86	.13
1905.....	6.53	8.00	.45	4.47	1.20	1.16	.88	.13
1906.....	6.30	7.85	.43	4.20	1.11	1.06	.83	.15
1907.....	6.51	7.99	.47	4.31	1.17	1.17	.90	.17
1908.....	7.01	8.53	.52	4.60	1.45	1.74	.91	.16
1909.....	6.76	8.15	.49	4.37	1.39	1.61	.87	.12
1910.....	7.02	8.92	.50	4.52	1.37	1.49	1.00	.16
1911.....	7.28	9.18	.54	4.53	1.40	1.78	1.10	.14
1912.....	7.60	9.17	.56	4.79	1.44	1.62	1.13	.17
1913.....	7.16	8.53	.52	4.47	1.48	1.70	1.17	.18
1914.....	7.11	8.17	.54	4.40	1.50	1.77	1.30	.16

¹ Names of roads included shown in Table 8. Adjustment for consolidation of large subsidiaries has been made in this table.

TABLE 9.—*Ratios of certain accounts to operating revenues, western and southwestern railroads: 1901-1914—Continued.*SOUTHWESTERN RAILROADS.¹

Year.	Commission's compilation.							
	Engine-men and engine-house expenses.	Fuel.	Water.	Road train-men.	Train supplies.	Loss and damage.	Injuries to persons.	Clearing wrecks.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	5.88	6.70	0.47	4.15	0.98	0.86	0.79	0.08
1902.....	6.04	6.99	.49	4.22	1.03	1.14	.96	.19
1903.....	6.30	7.12	.47	4.46	1.14	1.31	.94	.18
1904.....	6.48	8.47	.53	4.57	1.14	1.50	1.10	.17
1905.....	6.43	7.83	.54	4.48	1.19	1.69	.90	.16
1906.....	6.18	7.48	.51	4.39	1.11	1.59	1.02	.22
1907.....	6.01	7.54	.52	4.30	1.11	1.52	1.05	.25
1908.....	6.99	8.58	.62	4.85	1.42	2.32	1.11	.25
1909.....	6.30	7.85	.57	4.38	1.24	2.16	1.12	.15
1910.....	6.49	8.45	.60	4.52	1.32	1.89	1.30	.17
1911.....	6.73	8.53	.67	4.52	1.31	1.91	1.48	.16
1912.....	6.90	8.52	.65	4.77	1.35	1.73	1.49	.20
1913.....	6.59	8.22	.64	4.50	1.43	1.76	1.48	.19
1914.....	6.57	7.99	.60	4.47	1.43	1.79	1.46	.19

¹ Names of roads included shown in Table 8. Adjustment for consolidation of large subsidiaries has been made in this table.

Unless material modification is required by considerations arising from changes in accounting, or considerations due to financial maladministration of certain carriers included in the groups of roads here studied, the conclusion is substantiated that the attested increase in the operating ratio since 1901 must be attributed primarily to increased costs, each operating in different degree, but practically all in the same direction, incurred by the roads in the handling of traffic.

Corrections necessitated by accounting methods since 1907.—The accounting rules prescribed by the Commission in 1907 required the carriers to report the amounts charged to depreciation. The contention of the protestants is that, conformably to the rules but in contradistinction to the previous practices of many of the carriers, charges for depreciation thereafter were made against operating expenses where previously such charges either were not made at all or not made with the same amplitude as after 1907. In order to test approximately the extent to which the operating ratio may have been affected by such practices, table No. 10 was prepared. Its net outcome is to indicate that the operating ratio may have been increased by this cause from 1.05 per cent in 1908 to 1.61 per cent in 1914.

TABLE 10.—*Effect of accounting for depreciation on operating ratio, 23 representative roads:¹ 1908-1914.*

Year.	Amount of operating revenues.	Amount of depreciation charged to operating expenses.	Depreciation charges to profit and loss which presumably would have gone to renewals under old accounting rules.	Amount of depreciation reserve on June 30, 1914, distributed ² over prior years.	Probable net addition to operating expenses from depreciation accounting.	Ratio of amounts in preceding column to operating revenues.
						<i>Per cent.</i>
1908.....	\$620, 163, 400	\$11, 125, 317	\$3, 310, 630	\$9, 807, 285	\$6, 496, 655	1.05
1909.....	644, 404, 245	11, 626, 909	3, 265, 997	10, 099, 918	6, 833, 921	1.06
1910.....	717, 629, 368	11, 343, 179	2, 530, 006	9, 936, 208	7, 405, 600	1.08
1911.....	733, 853, 231	12, 434, 456	3, 627, 157	12, 321, 768	8, 064, 611	1.18
1912.....	727, 853, 953	13, 483, 961	2, 368, 839	12, 532, 629	10, 163, 790	1.40
1913.....	822, 832, 043	15, 486, 465	2, 784, 669	14, 435, 767	11, 071, 196	1.42
1914.....	813, 891, 064	17, 447, 237	3, 296, 388	16, 396, 185	13, 102, 797	1.61

¹ Chicago & Alton; Chicago & North Western Railway; Chicago, St. Paul, Minneapolis & Omaha Railway; Chicago, Burlington & Quincy Railroad; Chicago Great Western Railroad; Chicago, Milwaukee & St. Paul Railway; Illinois Central; Minneapolis & St. Louis Railroad (including Iowa Central Railway); Minneapolis, St. Paul & Sault Ste. Marie Railway; Missouri Pacific Railway; Wabash Railroad; Chicago, Rock Island & Pacific Railway system; Atchison, Topeka & Santa Fe Railway; Gulf, Colorado & Santa Fe Railway; International & Great Northern Railway; Kansas City Southern Railway; Missouri, Kansas & Texas lines; New Orleans, Texas & Mexico Railway; St. Louis, Brownsville & Mexico Railway; St. Louis, Iron Mountain & Southern Railway; St. Louis & San Francisco Railroad; St. Louis Southwestern Railway; Texas & Pacific Railway.

² In proportion to the amounts in the third column of figures.

It is not possible in a table of this kind to take account of all factors, such as improvements charged to operating expenses prior to July 1, 1907, and the practice with respect to charging and crediting the reserve account during 1906 and 1909.

This Table No. 10 indicates only the degree to which the operating ratio may have been increased by reason of accounting as regards depreciation. If, prior to 1907, the improvements, additions, and betterments were charged even in part to operating expenses and since 1907 such items have been charged against capital account, there would be an offset to the increase of the operating ratio traceable to depreciation accounting since 1907. The accounting rules of the Commission, it is alleged by the protestants, allow a certain latitude of construction by the carriers whereby when improvements such as reballasting or laying of new ties are made, some part thereof may be charged to operating expenses. While admitting the possibility of such practices, the moderate increase since 1907 in operating expenses under maintenance of way and structures and the few specific instances where betterments were covered by charges to operation would seem to render it unlikely that any very appreciable effect from this particular accounting practice has affected the operating ratio since that date. Similarly it was urged that car and locomotive reconstruction affords an opportunity within the Commission's accounting rules to charge what are essentially betterments to operating expenses. As indicated previously, we are of opinion that the increased cost for maintenance of equipment is mainly to be ascribed to other causes. The increase in the operating

ratio has been a real and not an apparent increase, and is due mainly to augmented operating costs properly charged.

There remains to be mentioned the possibility that particular carriers by reason of financial mismanagement reflected in their operating methods have been uneconomical and wasteful in expenditure, and have thus unnecessarily increased their operating ratios. It does not appear that any uniform relationship can be traced between the present level of the operating ratios of carriers whose financial administration has been culpable and of the remaining carriers. Similarly, instances of notable increases in the operating ratio do not seem to be confined to roads such as the Rock Island or the Frisco. The negative conclusion reached in this connection is but confirmatory of the fact that the general increase in the operating ratio is traceable to deep-seated underlying causes which have affected carriers generally through increased operating costs.

It may be urged that the financial experience of carriers in this period has been that of industry generally; and unquestionably it is true that they often encounter and should be expected to encounter the same ups and downs of financial fortune as affect industry at large. A complete comparison of the relative prosperity of the carriers as against industries in general is not possible from data of record. But there is force in the consideration that public service industries are under some disabilities from which private industries are exempt. The former may not discontinue operation even though net earnings decline or vanish; nor may they meet rising costs with as free a hand as other industries which advance their prices without the possibility of governmental restraint. Transportation, moreover, unlike many branches of manufacture or commerce, is a quasi public function, indispensable to industry generally. So long as the service is intrusted to corporate administration and the funds supplied by private investors, revenues sufficient to afford a return which will adequately remunerate the investment and secure the facilities required by the community have a justification which does not equally attach to every branch of private undertaking.

RETURN ON INVESTMENT.

The rates at present under consideration may be gauged in a measure by comparing recent additions to the carriers' road and equipment with the concomitant changes in their net operating income. The only continuing inducement to invest additional capital in any line of industry is the prospect of net returns. If experience discloses that the return expected is small, the incentive to further investment will correspondingly decrease. If experience demonstrates that increased investment fails, over a term of years, to yield an increased

return, the inference is either that the investment was ill judged and not calculated to serve the public, or that the price of the service has not been sufficient to allow an adequate return.

In the subjoined table, No. 11, there is indicated the increase in cost of road and equipment for a six-year period, from 1907 to 1913. There is similarly indicated the net operating income less rentals for each brace of terminal years, 1907 with 1908, and 1913 with 1914. The addition of increased income affords a percentage return upon increased investment which for the 41 roads in the carriers' exhibit amounts to 1.2 per cent, and for the 26 roads in the Commission's compilation, to 0.7. It is, of course, true that the additional investments referred to have been added to or blended with the carriers' preexisting property, and that no separate or physically distinguishable return can be traced specifically to the last \$1,000,000,000 added to road and equipment.

TABLE 11.—Comparison of increase in net cost of road and equipment with increase in operating income (less net rentals for lease of road), for a six-year period.¹

Items compared.	Railroad witness Wetling.			Commission compilation.		
	41 roads.	Western group I.	South-western group III.	26 roads.	Western trunk line and trans-Missouri.	South-western.
Cost of road and equipment:	<i>Bi-Hons.</i>	<i>Bi-Hons.</i>	<i>Bi-Hons.</i>	<i>Bi-Hons.</i>	<i>Bi-Hons.</i>	<i>Bi-Hons.</i>
1913.....	\$4.91	\$2.70	\$2.05	\$4.30	\$3.16	\$1.90
1907.....	8.84	2.01	1.67	3.31	2.36	1.63
Six years' increase.....	1.07	.69	.33	.99	.80	.36
Net operating income less all rentals:	<i>MU-Hons.</i>	<i>MU-Hons.</i>	<i>MU-Hons.</i>	<i>MU-Hons.</i>	<i>MU-Hons.</i>	<i>MU-Hons.</i>
Average for—						
1913 and 1914.....	\$205.5	\$121.9	\$88.0	\$188.9	\$144.2	\$83.8
1907 and 1908.....	193.2	116.7	81.4	181.6	140.0	79.7
Six years' increase.....	12.3	15.2	6.6	7.3	4.2	4.1
Per cent increase in income is of increase in investment.	1.2	2.2	1.8	0.7	0.5	1.2

¹ Roads as in Table 1. Investment and corresponding mileage of A., T. & S. F. Ry. Co. as interpreted by that company in its annual report.

In *The Five Per Cent case*, 31 I. C. C., 351, at page 363, it was said:

The carriers have stated repeatedly in testimony, in argument, and upon their briefs, that the return upon the funds invested in railway facilities since 1903 has been entirely inadequate and that no return at all has been received upon the funds so invested since 1910. This is not an accurate statement of the facts. The revenues actually received by the carriers have been earned by the whole investment; and it is not correct to say that a part of the investment made since a given date has earned no return.

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A witness for the protestants advanced the theory that the trend of the return upon investment should be considered only after a deduction had been made from the property investment of each year to the extent that the investment represents improvements made out of the surplus earnings of the previous year remaining after the payment of a reasonable return upon the investment of that year. It is conceivable that if provision were made for averaging years of prosperity and of depression that such an arrangement if adopted for the future might be equitable alike to the investor and the public, although insurmountable practical difficulties might be involved. But as no such rule has been announced in the past, it seems impossible to distinguish one dollar of investment from another in the present case.

RETURNS ON BOOK COST OF PROPERTY.

The unverifiable character of cost of property standing on the books of the carriers when the Commission's accounting rules were prescribed in 1907 has already been referred to. Subsequent outlay for specific additions and betterments as reported annually by the carriers may, in general, be accepted as more accurate. The aggregate figure of book cost of property, which corresponds to the original entry with subsequent annual additions, is one in which the unverifiable element decreases progressively in proportion to the total book cost. For the 41 roads in Wettling's exhibit the net cost of road and equipment in 1901 was 3.005 billions; for 1907, 3.842 billions; and for 1914, 5.078 billions. This showing, however, exaggerates the relative magnitude of that part of the total addition since 1907 that can be assumed to represent a trustworthy addition to the carriers' investment. Of the total outlay of \$1,235,976,642 from July 1, 1907, to July 1, 1914, for road and equipment, \$496,287,178 was expended for new lines and extensions. The Commission has no data to indicate how far this latter amount was a fair price for the roads acquired. As is shown by Table No. 41 printed in the appendix, the total book value of road and equipment between 1907 and 1914 increased between 24 and 29 per cent. When deduction is made, however, for cost of new lines and extensions, or when mileage is taken into account, the increase falls to between 14 and 17 per cent. This indicates that for the period something over 2 per cent per annum fairly represents the proportion of additions and betterments to the cost of the preexisting road and equipment. The figures for the other items of additions and betterments on these 41 railroads, including \$306,181,596 for equipment, \$68,685,430 for additional main tracks, \$33,357,334 for ballast, \$33,959,369 for right of way and station grounds, \$32,112,924 for sidings and spur tracks,

\$30,211,248 for station buildings and fixtures, and \$30,130,622 for bridges, trestles, and culverts, amounting in all to \$739,689,463, representing a new capital outlay may be taken to be presumably accurate.

Subject, as book cost of property is, to the limitations indicated, the basis of book cost, in default of the completion of the official valuation, may be employed, as it has been in the past, as a usable basis for a study of the course and tendency of the returns. Table No. 12 is the showing made by the carriers for the 41 roads covered by Wettling's exhibit.

TABLE 12.—*Net cost of road and equipment and operating income (minus rents for lease of road): 1901-1914.*

Year.	Railroad witness Wettling, 41 roads. ¹								
	Forty-one roads.			Group I (western).			Group III (southwestern).		
	Net cost of road and equipment.	Operating income less rents.	Per cent.	Net cost of road and equipment.	Operating income less rents.	Per cent.	Net cost of road and equipment.	Operating income less rents.	Per cent.
	<i>Millions.</i>	<i>Millions.</i>		<i>Millions.</i>	<i>Millions.</i>		<i>Millions.</i>	<i>Millions.</i>	
1901.....	\$5,006	\$143	4.77	\$1,588	\$98	5.56	\$1,232	\$57	4.66
1902.....	5,122	155	4.95	1,637	96	5.86	1,294	61	4.68
1903.....	3,336	163	4.89	1,780	105	5.89	1,419	65	4.56
1904.....	3,488	159	4.55	1,844	101	5.50	1,518	64	4.21
1905.....	3,561	166	4.66	1,871	103	5.45	1,564	64	4.08
1906.....	3,712	191	5.16	1,932	117	6.04	1,625	75	4.62
1907.....	3,842	217	5.64	2,009	127	6.30	1,676	95	5.69
1908.....	3,967	170	4.29	2,063	107	5.18	1,724	67	3.91
1909.....	4,080	188	4.61	2,109	118	5.60	1,758	81	4.59
1910.....	4,504	199	4.42	2,450	119	4.86	1,899	81	4.28
1911.....	4,674	197	4.22	2,551	121	4.74	1,908	81	4.13
1912.....	4,797	177	3.68	2,614	112	4.27	2,002	81	4.05
1913.....	4,908	218	4.44	2,698	137	5.08	2,053	94	4.59
1914.....	5,078	193	3.81	2,803	127	4.52	2,105	82	3.88

¹ For list of roads included see Table 1.

The operating income less rentals shows a maximum return upon the cost of road and equipment in the fiscal year 1907. The general level for the six preceding years is higher than for the subsequent period. Roughly speaking, for the 41 roads as a whole, the level for the period 1901-1907 was approximately 5 per cent; and for the subsequent period of 1907-1914 about 4½ per cent.

The table next printed, No. 13, affords comparison of the protestants' evidence as to rate of return with that of the carriers'. In this table the ratio of net operating income to property investment shows a decline in both sections. There are here included the Union Pacific, the Northern Pacific, and the Great Northern.

TABLE 13.—Ratio of net operating income (after deduction of taxes, hire of equipment, joint facility, and miscellaneous rents) to property investment: 1901-1914.

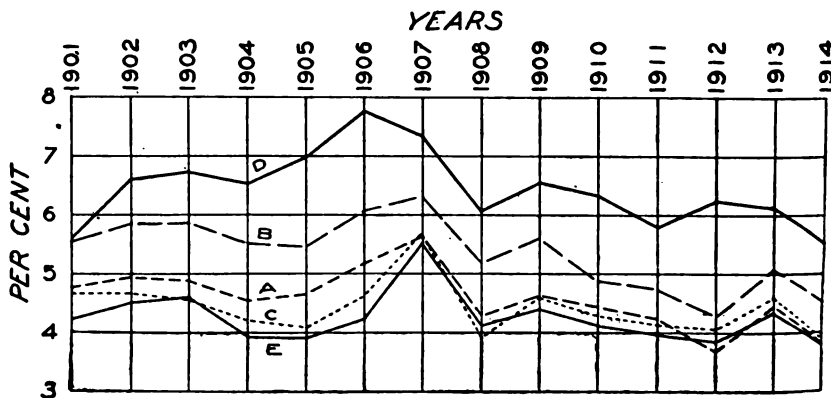
Year.	Protestant witness Powell. Ratio of net operating income to property investment.		Year.	Protestant witness Powell. Ratio of net operating income to property investment.	
	North-western roads. ¹	South-western roads. ²		North-western roads. ¹	South-western roads. ²
	Per cent.	Per cent.		Per cent.	Per cent.
1901.....	5.59	4.23	1908.....	6.03	4.19
1902.....	6.53	4.50	1909.....	6.55	4.40
1903.....	6.73	4.60	1910.....	6.32	4.11
1904.....	6.52	3.91	1911.....	5.79	3.87
1905.....	6.96	3.92	1912.....	6.23	3.83
1906.....	7.77	4.23	1913.....	6.11	4.14
1907.....	7.34	5.54	1914.....	5.52	3.80

¹ Chicago & North Western; Chicago, St. Paul, Minneapolis & Omaha; Chicago, Burlington & Quincy; Chicago, Milwaukee & St. Paul; Chicago Great Western; Iowa Central; Great Northern; Minneapolis & St. Louis; Northern Pacific; Minneapolis, St. Paul & Sault Ste. Marie; Union Pacific.

² Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Fort Smith & Western; Galveston, Houston & Henderson; Kansas City, Mexico & Orient; Kansas City Southern; Midland Valley; Missouri, Kansas & Texas; Missouri & North Arkansas; Missouri, Oklahoma & Gulf; Missouri Pacific; St. Louis, Iron Mountain & Southern; St. Louis Southwestern; St. Louis Southwestern of Texas; Morgan's Louisiana & Texas; St. Louis & San Francisco; Texas & Pacific; Trinity & Brazos Valley.

As illustrating the showing of the two next preceding tables we insert Chart C.

CHART C.—Ratio of operating income less rental to net cost of road and equipment. A, 41 roads; B, western roads; C, southwestern roads (A, B, C, railroad witness); D, northwestern roads; E, southwestern roads (D, E, protestant witness). Data from Tables 12 and 13.



From data submitted by the protestants a showing comparable to that exhibited in Tables Nos. 11 and 12 is presented. The subjoined table, No. 14, is a tabular statement of the ratio of net operating revenue to net cost of road and equipment of each of 10 selected roads from an exhibit by protestants' witness, Powell. While no

composite average ratio is presented, the general fall in the rate of return is evident from inspection; even the stronger roads, with the exception of the Burlington, show a decline.

TABLE 14.—*Ratio of net operating income to net cost of road and equipment, 10 selected roads: 1901-1914.*¹

Year.	Protestant witness Powell.									
	C. & A. R. R.	C., B. & Q. R. R.	C. & N. W. Ry.	C., M. & St. P. Ry.	M. & St. L. R. R.	A., T. & S. F. Ry.	C., R. I. & P. Ry.	M., K. & T. Ry.	M. P. Ry.	St. L. & S. F. R. R.
	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.	P. c.
1901.....	3.23	5.55	3.23	6.95	4.80	3.66	7.18	2.64	4.06	4.28
1902.....	2.93	6.14	3.53	7.33	5.35	3.72	8.55	2.74	3.83	5.79
1903.....	3.12	7.32	7.54	7.29	4.61	3.36	10.01	2.87	4.49	5.80
1904.....	3.52	6.46	7.16	7.15	3.76	3.41	4.45	2.60	3.69	6.19
1905.....	3.71	6.66	7.54	7.51	4.07	2.85	5.22	2.75	3.53	6.27
1906.....	3.14	6.14	9.11	8.20	5.07	3.44	6.22	2.60	3.61	6.60
1907.....	3.96	6.00	8.87	7.64	4.71	5.49	6.59	2.27	4.63	7.77
1908.....	3.52	5.46	7.47	6.56	3.80	4.71	4.86	2.90	3.06	5.85
1909.....	3.79	5.75	7.41	6.51	4.05	5.48	5.68	2.19	2.51	4.82
1910.....	3.30	5.68	6.10	5.90	4.69	4.90	4.58	2.94	2.86	4.56
1911.....	2.56	5.54	5.98	4.66	4.85	5.04	5.06	2.46	1.15	5.10
1912.....	2.24	5.69	5.55	3.82	1.75	4.83	4.64	2.66	1.19	4.75
1913.....	1.07	6.95	6.13	4.12	4.03	4.99	4.66	2.69	2.99	5.51
1914.....	.59	6.27	5.40	4.87	3.16	4.75	3.94	3.02	2.12	4.06

¹ Net operating income is operating income after deduction of hire of equipment and joint facility and miscellaneous rents but not rentals for lease of road.

² Deficit.

Whatever infirmity attaches to the ratio of return indicated by these tables, which are based upon book cost containing a large unverified element, the trend which the exhibits indicate is significant.

While not bearing directly on the matter of the return upon book cost of property, the distribution of each dollar of revenue as between labor and the investors during the period 1901-1914 has been shown by the carriers and checked for three of the principal roads by the Commission. The labor compensation embraces not only the amount paid for labor required in operation, but also the companies' pay roll for labor employed in the construction of additions and betterments.

TABLE 15.—Returns to labor and capital compared: 1901–1914.

Year.	Railroad witness Wettling, 41 roads. ¹		Commission's compilation.					
			A., T. & S. F. Ry.		C., R. I. & P. Ry.		C. & N. W. Ry.	
	Labor compensation per dollar of revenue.	Interest, dividends, and surplus per dollar of revenue.	Labor compensation per dollar of revenue. ²	Interest, rents, dividends, and surplus per dollar of revenue. ³	Labor compensation per dollar of revenue. ²	Interest, rents, dividends, and surplus per dollar of revenue. ³	Labor compensation per dollar of revenue. ²	Interest, rents, dividends, and surplus per dollar of revenue. ³
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
1901.....	38.25	31.86	31.63	50.12	33.00	33.54	37.83	29.54
1902.....	39.00	31.26	31.85	56.94	34.00	39.08	39.33	28.23
1903.....	41.30	29.94	37.50	54.24	37.68	36.18	40.36	26.39
1904.....	41.66	27.81	35.00	53.23	39.99	32.01	41.24	25.52
1905.....	40.80	28.02	38.05	46.04	40.59	29.84	40.21	25.16
1906.....	40.54	29.20	35.57	47.72	40.00	26.15	38.51	26.80
1907.....	40.66	29.02	35.65	29.72	40.99	31.04	39.91	24.44
1908.....	43.47	24.31	36.56	34.61	41.40	24.10	41.45	33.30
1909.....	41.61	25.93	33.38	44.43	39.99	26.09	40.53	32.40
1910.....	42.87	24.19	36.54	37.53	42.62	22.99	44.09	26.76
1911.....	43.14	23.28	38.05	38.55	41.55	22.95	42.65	27.19
1912.....	45.05	21.04	37.86	37.46	42.51	23.33	43.73	26.66
1913.....	44.18	23.23	37.60	37.15	42.50	22.24	41.95	26.04
1914.....	44.38	21.19	37.04	35.92	43.54	18.69	42.55	25.65

¹ Labor compensation includes that of general officers.² Excludes compensation of general officers.³ Represents net income (or net corporate income) increased by interest on funded and floating debts and net rents for lease of road.⁴ In this year \$9,276,185 was charged to income as "improvements written off."

TESTIMONY UPON THE VALUE OF THE CARRIERS' PROPERTY.

Various estimates of the true value of the carriers' property or parts thereof are to be found in the testimony of both the carriers and the protestants. This testimony as to value comprised that offered by the executive heads of several roads, by an engineer of one of the state commissions, and certain valuations made by some of the state commissions. The carriers, however, expressly disclaimed basing their plea for increases upon any valuation presented.

The president of the Missouri, Kansas & Texas testified that a careful physical valuation made during the last two years by this carrier of its lines of railway in Oklahoma shows that on the average they could not be reproduced for less than \$60,000 a mile. The method employed in this valuation is not sufficiently evidenced of record to accord to this figure further consideration.

The president of the Chicago Great Western called attention to tables in Wettling's exhibit purporting to show that on the average the carriers directly interested in this proceeding had earned for the past seven years 7 per cent on a valuation of \$29,219 per mile, which he testified was far below the cost of reproduction. He also testified that in 1911 he had a valuation made of the lines of the Chicago Great Western in Iowa, and that it averaged \$61,935 per mile of main line. It is enough to say that the method of valu-

ation was not disclosed in sufficient detail, and that the multiple used for land values renders the result reached impossible of acceptance as a criterion.

One of the receivers of the St. Louis & San Francisco testified that the property now operated by the receivers covers about 5,250 miles of line; that it deteriorated in the last two or three years prior to the receivership; and that the present earnings yield, according to this witness, about 1.7 per cent on a value of \$50,000 per mile, whereas the property is assessed for taxes on a basis of from \$36,000 to \$40,000 a mile. From data based on Wettling's exhibit we are unable to compute an operating income for 1914 per mile which would yield less than 6 per cent on a value of \$32,600 per mile.

The net cost of road and equipment of the 41 roads used in Wettling's exhibit for 1914 was \$56,559 per mile of road owned, and \$51,584 per mile of road operated. In 1913 the figures were, respectively, \$55,363 and \$50,474. In 1914 these roads earned 7 per cent on a value per mile operated of \$28,048; in 1913 on a valuation of \$32,001.

Of interest in this connection is the appended table, No. 16, which indicates, both on the basis of the carriers' exhibit for 41 roads, and on the Commission's compilation of statistics for 26 roads, the percentage yielded by the operating income per mile operated, the latter being arbitrarily taken at \$30,000, \$35,000, \$40,000, \$45,000, and \$50,000 per mile.

TABLE 16.—*Per cent operating income is of assumed valuation ranging from \$30,000 to \$50,000 per mile of road: 1913 and 1914.*

Year and group of roads.	Amount of operating income per mile of line operated as defined below. ¹	Per cent of return on value of—				
		\$30,000 per mile.	\$35,000 per mile.	\$40,000 per mile.	\$45,000 per mile.	\$50,000 per mile.
Wettling's 41 roads: ²		<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1913.....	\$ 32,308	7.7	6.6	5.8	5.1	4.6
1914.....	\$ 2,036	6.8	5.8	5.1	4.5	4.1
Group I:						
1913.....	\$ 2,479	8.3	7.1	6.2	5.5	5.0
1914.....	\$ 2,273	7.6	6.5	5.7	5.1	4.5
Group III: ³						
1913.....	\$ 2,327	7.8	6.6	5.8	5.2	4.7
1914.....	\$ 1,998	6.7	5.7	5.0	4.4	4.0
Commission's compilation:						
Western 1—						
1913.....	2,506	8.4	7.2	6.3	5.6	5.0
1914.....	2,288	7.6	6.5	5.7	5.1	4.6
Southwestern 1—						
1913.....	2,532	8.4	7.2	6.3	5.6	5.1
1914.....	2,220	7.4	6.3	5.5	4.9	4.4

¹ Less hire of equipment, joint facility, and miscellaneous rents, but without deduction of net rents for lease of road, as the statement is upon the basis of miles operated.

² List of roads as in Table 1.

³ From Table 39.

From S. H. Cowan's Exhibit No. 2, pages 1 to 20, it appears that for the year 1914, the Railroad Commission of Texas valued the property in Texas of the Fort Worth & Denver City; the Galveston, Harrisburg, & San Antonio; the Gulf, Colorado & Santa Fe; the Houston & Texas Central; the International & Great Northern; the Missouri, Kansas & Texas; the Pecos & North Texas; the Southern Kansas of Texas; and the Texas & Pacific railroads at amounts varying from \$23,800 per mile of road owned for the Missouri, Kansas & Texas to \$35,000 for the Texas & Pacific, an average per mile of all the roads named of \$25,430. The net operating income upon this valuation of these Texas roads, as appears from the report of the Texas commission, page 20, was in 1914, on the average, 3.48 per cent.

The average present value per mile fixed by the states referred to by the engineer of the Minnesota Railroad and Warehouse Commission is \$33,356; the average for Texas is \$25,430. Some of the most valuable terminals of the roads included in these valuations are in states not covered by the valuation tables.

In *Railroad Commission of Texas v. A., T. & S. F. Ry. Co.*, 20 I. C. C., 463, 473, we had occasion to discuss the valuation of Texas railroads in the light of the testimony of the engineer who made them. While the valuation of the Missouri, Kansas & Texas Railway of Texas here shown is \$23,800 per mile, it was shown in the above case that that company was in 1908 assessed for taxing purposes at \$31,085 per mile. In discussing the question, we said:

In view of the more settled conditions prevailing in the states of Kansas and Missouri, we can not doubt that if an inventory or physical valuation of the lines of the Missouri, Kansas & Texas in Oklahoma, Kansas, and Missouri were now made by the same witness and in the manner in which valuations are to-day made in Texas, he would give to the road in those states a somewhat higher value than he concedes to the Texas lines of that company. If so, the valuation that he would place upon the whole system would be higher than the \$30,000 per mile that he assigned in 1909 as the value of its lines in Texas. Just how much his estimate would be on the lines in the other three states is a matter of conjecture. The lines in Kansas were assessed in 1908, for the purposes of taxation, at a sum aggregating \$40,809 a mile, and in Oklahoma at \$37,195 a mile. The lines in Missouri were assessed in the same year at the rate of \$15,058 a mile, and the explanation made of record is that property in that state is assessed for taxing purposes at one-third its real value. It is also said that property in Oklahoma is assessed at but two-thirds of its value.

* * * * *

* * * We do not wish to be understood as here criticizing the valuation then made of the Missouri, Kansas & Texas property, or of any of the properties involved in this proceeding. We now know, however, from the engineer of that commission that they were "close" and not liberal valuations and were made without including some items that have been allowed for in its subsequent valuations.

In view of the facts that the roads covered by the valuations which appear in the record are not sufficiently inclusive, and that the details of methods adopted in making the valuation are not of record, we have no sufficient evidence, taking the case as a whole, upon which to make a finding as to the fair value of the property devoted to the public service of transportation by the carriers which are here seeking an increase of rates.

The engineer of the Minnesota Railroad and Warehouse Commission testified as to value of various roads, using valuations made by several state commissions as his basis, and correcting in numerous details these valuations to accord with his own views. The roads covered are indicated in the footnote to Table No. 17, page 530.

Without detailed analysis of the methods of this witness, it may be said that he takes the actual market value of land without a multiplier or severance damage, in this way reducing the item of land values in Wisconsin, for example, about 45 per cent. He increases the Wisconsin depreciation of ballast from 20 per cent to 28 per cent; and likewise the Wisconsin depreciation of track laying and surfacing from 20 per cent to 32.72 per cent. For engineering and correlative labor he allows but 1.7 per cent as against 2.9 per cent allowed by the Wisconsin Tax Commission. Such items as interest during construction, organization expense, and contingencies he eliminates entirely on the ground that nothing but "actual property in existence and devoted to the public use" should be included. He likewise makes no allowance for stores and supplies or for working capital.

Without deciding here what are proper items to include in a valuation for rate-making purposes, it is evident that the methods of this witness are extreme in their rigor, resulting in every case in decreasing the valuations fixed by state commissions. We can not accept the valuations proposed as a tenable basis for ascertaining the fair value of the roads in question.

The valuation figures of the several state commissions and of the witness appear in the following table:

TABLE 17.—*Valuation per mile main roadway by state commissions compared with valuation by engineer of Minnesota Railroad and Warehouse Commission.*

State and year.	State railroad commission value per mile.		Present cost including general expenditures per mile, Jorgensen's "A" for 1914.		Present cost including general expenditures per mile, Jorgensen's "B" for 1914.	
	Cost of reproduction.	Present value.	Preci-ated. ¹	Depreci-ated. ¹	Preci-ated.	Depreci-ated.
Michigan, 1900.....	\$33,709	\$27,589	\$30,904	\$23,847	\$29,763	\$23,88
Wisconsin, 1913, Tax Commission.....	52,896	42,342	45,952	35,745	44,136	34,38
Minnesota, 1907 ²	40,725	34,796	45,519	36,751	44,161	35,05
South Dakota, 1910.....	25,729	22,023	28,983	22,984	27,712	22,99
Nebraska, 1911.....	49,352	40,031	43,604	34,535	41,845	32,31
Average.....		33,356	40,815	32,330	39,229	31,08

¹ "Preci-ated" and "depreciated" are used by the witness but in much the same sense as cost of reproduction new and present value.

² The lowest or Morgan basis B is used here. This excludes "adaptation" and "land multiples."

In Wisconsin the Chicago, Burlington & Quincy; Chicago, Milwaukee & St. Paul; Chicago & North Western; the Omaha, Duluth & South Shore; the Great Northern; the Illinois Central; the Northern Pacific; the Minneapolis, St. Paul & Sault Ste. Marie; and the Wisconsin Central are included.

In Minnesota the Chicago, Burlington & Quincy; Chicago Great Western; Chicago, Milwaukee & St. Paul; Chicago & North Western; Chicago, Rock Island & Pacific; Chicago, St. Paul, Minneapolis & Omaha; Dubuque & Sioux City; the Great Northern; the Minneapolis & St. Louis; the Minneapolis, St. Paul & Sault Ste. Marie; Northern Pacific; and Wisconsin Central are included.

In Michigan the Ann Arbor; the Boyne City, Gaylord & Alpena; the Chicago, Kalamazoo & Saginaw; the Chicago, Milwaukee & St. Paul; the Chicago & North Western; the Detroit & Mackinac; the Duluth, South Shore & Atlantic; the Grand Rapids & Indiana; the Minneapolis, St. Paul & Sault Ste. Marie; and the Pere Marquette are included.

In Nebraska the Chicago, Burlington & Quincy; the Chicago & North Western; the Chicago, Rock Island & Pacific; the Chicago, St. Paul, Minneapolis & Omaha; the Missouri Pacific; the St. Joseph & Grand Island; and the Union Pacific are included.

In South Dakota the Chicago, Burlington & Quincy; the Chicago, Milwaukee & St. Paul; the Chicago & North Western; the Chicago, Rock Island & Pacific; the Chicago, St. Paul, Minneapolis & Omaha; the Dubuque & Sioux City (Illinois Central); the Great Northern; the Minneapolis & St. Louis; the Minneapolis, St. Paul & Sault Ste. Marie; and the South Dakota Central are included.

THE FINANCIAL EVIDENCE.

Under this caption we include, first, testimony relating to the interest rate which the carriers pay on money borrowed; and, second, testimony relating to the return on money invested in their securities. In general the matters here under consideration are not related, except indirectly, to operating expenses, nor to valuations attaching to the carriers' property, but rather to their securities and their financing.

We can not accept as final or determinative in this connection the recital of failures, no matter how well attested, of particular carriers at particular junctures to borrow except at abnormal or prohibitive rates of interest. To do so would be to court the fallacy of single instances not necessarily typical of the general trend of the carriers' financial history. Nor can we allow the testimony of financial experts as to the relative credit of railroads and other industries at particular times or in individual instances to weigh heavily as against comprehensive statistical studies such as those presented by the

protestants' witness Norton. Without a detailed analysis therefore of the financial testimony as defined above we proceed to set forth the facts of prime importance that seem indubitably established.

The progressive increase in the ruling rate of interest since 1900 has been demonstrated beyond question, and we do not deem it material to go behind the fact into the causes which have operated to bring about this increase. Railroads in common with industries generally have had to pay a rate of interest higher in 1914 than in 1907, and generally higher in 1907 than in 1900.

J. P. Norton, in his exhibits, has shown that the "pure money rate"—that is, the rate paid on government securities where there is the minimum of risk involved—has risen from about 3 per cent in 1900 to about 3½ per cent in 1907, and to about 3¾ per cent in 1914. He has also shown that the same phenomenon of a rising interest rate in the period 1900–1914 is instanced by the bonds of other public utilities than railroads, by the bonds of manufacturing and other industrial enterprises, by the municipal bonds of the 20 most populous cities in the United States, as well as by the bonds of 8 western and 10 southwestern railroads which are parties to the instant case. A summary of this showing is exhibited in the subjoined table, No. 18, which is based upon various exhibits of this witness.

TABLE 18.—Average yields of bonds of railways and other industries: 1900–1914.

Year.	Average yield of bonds.						
	Eight western roads. ¹	Ten south-western roads. ²	Pure money rate (government and municipal).	Western and south-western railroads combined.	Municipal bonds, 20 largest cities.	Manufacturing and industrial bonds.	Public utility bonds.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
1900.....	3.9	4.5	3.02	4.3	3.2	5.4	4.5
1901.....	3.9	4.4	3.01	4.3	3.2	5.2	4.4
1902.....	3.9	4.4	3.05	4.1	3.3	5.1	4.4
1903.....	4.1	4.6	3.08	4.3	3.4	5.2	4.6
1904.....	4.1	4.5	3.17	4.3	3.5	5.3	4.6
1905.....	3.9	4.3	3.11	4.1	3.4	5.0	4.4
1906.....	4.0	4.4	3.22	4.2	3.6	5.1	4.6
1907.....	4.4	4.7	3.42	4.5	3.9	5.4	4.9
1908.....	4.3	4.7	3.47	4.5	3.9	5.6	5.1
1909.....	4.1	4.4	3.41	4.2	3.3	5.2	4.8
1910.....	4.2	4.6	3.54	4.4	4.0	5.4	5.0
1911.....	4.2	4.6	3.55	4.4	4.0	5.3	5.0
1912.....	4.3	4.7	3.60	4.5	4.0	5.3	5.0
1913.....	4.6	5.0	3.82	4.8	4.3	5.7	5.1
1914.....	4.6	5.1	3.77	4.8	4.2	5.9	5.1

¹ Chicago, Burlington & Quincy; Chicago, Milwaukee & St. Paul; Chicago & North Western; Chicago, St. Paul, Minneapolis & Omaha; Great Northern; Minneapolis & St. Louis; Northern Pacific; Union Pacific.

² Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Colorado & Southern; Kansas City Southern; Missouri, Kansas & Texas; Missouri Pacific; Southern Pacific; St. Louis & San Francisco; St. Louis Southwestern; Texas & Pacific.

While the selection of the roads covered by the preceding table was not made by the witness, and while the inclusion in the western group of three strong roads, the Great Northern, the Northern

Pacific, and the Union Pacific, only slightly interested in the increases under consideration, may somewhat qualify the typical character of that group, we are of opinion that their inclusion does not impair the reliability of the general trend of interest on railroad bonds shown in the above table. The public utilities and the industrial concerns selected by the witness may possibly be subject to the criticism that they are largely located in the eastern and central section, the more mature industrial region, of the country, rather than in the territory traversed by the carriers in this case. But whatever allowance may be made for the above considerations, we are of opinion that railroad credit as evidenced by interest on their loans has not been relatively more impaired than credit generally, public or corporate. A comparison of the movement of the actual and relative prices of railroad and industrial stocks based upon this witness's exhibit is printed in the appendix as Table No. 43.

The rise in the rate of interest results from influences that also produce a rise in the general level of prices. The same necessity that requires the carriers to pay a higher rate of interest on capital borrowed compels them to pay also higher prices for certain articles. This double disability rests, it is true, upon other industrial enterprises, although as we have previously indicated, the ordinary industrial concern may advance the prices upon its own output, and thus in a way offset the disability of rising costs with less delay and hindrance than can a public service industry. For the reasons above indicated, the following table, No. 19, from Norton's exhibits is of interest; and the diagram following, based on data taken wholly from the protestants' testimony and showing the relative movement of prices for 80 articles used by the railroads and of the revenue from the equated traffic unit, is deserving of consideration.

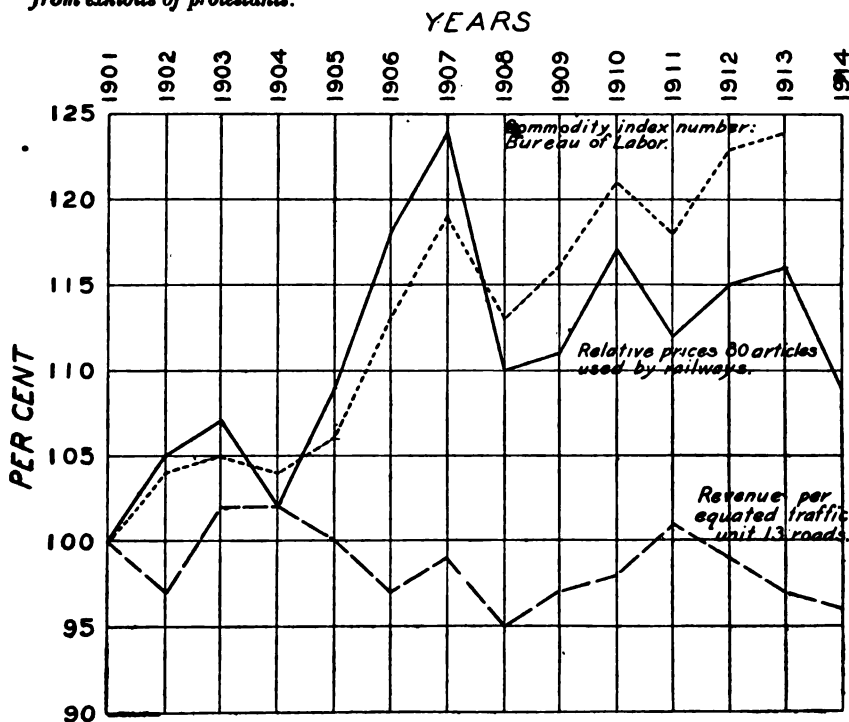
TABLE 19.—Average relative prices of commodities: 1890 to 1914 (base, 1890-1899, both inclusive).

Year.	Commodity index number.		Relative prices of 80 articles used by railroads. ¹	Year.	Commodity index number.		Relative prices of 80 articles used by railroads. ¹
	Bureau of Labor.	Norton-Sauerbeck.			Bureau of Labor.	Norton-Sauerbeck.	
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>		<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1890.....	113	114	114.8	1903.....	114	117	125.5
1891.....	112	114	109.5	1904.....	113	117	126.0
1892.....	106	105	105.3	1905.....	116	118	126.0
1893.....	106	105	101.6	1906.....	123	124	126.1
1894.....	96	94	98.0	1907.....	120	122	126.4
1895.....	94	94	92.9	1908.....	123	125	126.5
1896.....	90	87	93.9	1909.....	126	122	125.9
1897.....	90	89	89.6	1910.....	132	126	125.2
1898.....	93	95	91.3	1911.....	129	129	127.4
1899.....	102	104	108.9	1912.....	134	133	129.1
1900.....	111	112	118.3	1913.....	135	129	127.5
1901.....	109	110	112.6	1914.....	.....	129	128.5
1902.....	113	118	119.3				

¹ The articles do not include fuel, ties, or rails.

Upon the basis of established fact that the credit of the carriers in this case as measured by the rate of interest paid on capital borrowed has not suffered an impairment which has not equally extended to industries generally, two questions arise that require careful analysis. First, is not the relative maintenance of the carriers' credit evidence of the adequacy of their returns from operation? Second, is not the carriers' credit sufficient to enlist the requisite supplies of new capital in the transportation business?

CHART D.—*Relative figures of commodity prices and railway revenues per equated traffic unit, 1901-1914. (Tables 2 and 19. Base year 1901 taken as 100 per cent.) All data from exhibits of protestants.*



As to the first question it may be said that the interest on bonds alone is only indirectly a criterion of the adequacy of operating returns, inasmuch as the bonds may remain but slightly affected in price so long as the net income of the carrier easily covers the bond interest. The situation is not unlike that of a mortgage on realty where the value of the mortgage may remain wholly unaffected by a progressive shrinkage in the value of the property mortgaged, so long as there exists a clear margin, even though a decreasing margin, in the value of the equity over and above the mortgage indebtedness.

As to the second question, whether the carriers' credit, being no more depressed relatively than the credit of industry generally, will

not suffice to attract into the business of transportation adequate supplies of future capital, attention is called to the varying proportion of railroad stocks and bonds. Table No. 20, printed below, will indicate how, in the case of the carriers here involved, the proportion of bonds has risen since 1901 from 53.7 per cent of the total capitalization to 62.3 per cent in 1914; and how simultaneously the proportion of stock has fallen from 46.3 per cent to 37.7 per cent. The bonds include also short-term notes to which in recent years carriers have shown an increasing tendency to resort. From the trend here indicated it seems plain that the carriers obtain new capital by borrowing rather than by sale of stock. From the standpoint of the investing public the trend seemingly indicates a progressive insistence on investing only when specific security for the loan is obtainable. This tendency is evidence *per se* that the anticipated net income available for dividends is appraised by investors as not as attractive as formerly. It is also manifest that with the growing percentage of their property mortgaged the carriers must eventually confront an increasing difficulty in borrowing with a smaller margin of security.

TABLE 20.—*Net cost of road and equipment, total capitalization, and per cent stock and bonds are of total: 1901-1914.*

Year.	Railroad witness Wetting, 41 roads.				
	Miles of line owned.	Net cost of road and equipment.	Capitalization (stocks and bonds).	Per cent of capitalization.	
				Stocks.	Bonds.
				<i>Per cent.</i>	<i>Per cent.</i>
1901.....	62,779	\$3,006,040,261	\$3,115,819,378	46.3	53.7
1902.....	64,967	3,121,687,900	3,315,900,324	45.2	54.8
1903.....	71,163	3,336,109,179	3,538,004,061	43.9	56.1
1904.....	74,234	3,487,539,668	3,647,749,118	43.0	57.0
1905.....	75,904	3,561,291,400	3,795,062,557	41.6	58.4
1906.....	77,961	3,712,190,412	3,963,139,866	41.3	58.7
1907.....	79,880	3,842,316,511	4,082,433,310	41.7	58.3
1908.....	79,194	3,957,331,754	4,185,208,476	40.9	59.1
1909.....	80,214	4,079,962,221	4,455,510,560	41.5	58.5
1910.....	84,746	4,504,033,244	4,730,805,561	41.8	58.2
1911.....	86,275	4,674,459,267	4,920,289,070	40.3	59.7
1912.....	88,104	4,796,540,973	5,066,544,180	39.2	60.8
1913.....	88,649	4,907,912,434	5,207,161,510	38.5	61.5
1914.....	89,788	5,078,293,153	5,366,300,232	37.7	62.3

Another point from which the protestants attack the propriety of augmenting the net income of the carriers is based on the returns realized in the past by investors in the stocks of certain of these railroads. As indicated in table No. 21, page 535, the protestants' witness, Norton, made an estimate of the annual rate of compound interest that would have been realized at the close of 1914 from \$1,000 invested in January, 1890, in the common stock of each of eight western carriers. The table is based on the assumption that all dividends declared and "rights" issued would have been im-

mediately reinvested at the then prevailing prices in the stocks of the companies in question. The composition of the group may be criticized from two standpoints: It includes no roads in the southwest, and it includes the three financially strong carriers, the Union Pacific, Northern Pacific, and Great Northern, which are but slightly affected by the pending increases. On the basis of the assumptions involved it shows an arithmetical average of 8.9 per cent and a weighted average of 9.4 per cent.

TABLE 21.—*Investment experience of eight western railroads: 1890-1914.*

Name of road.	If in 1890 \$1,000 had been invested in the common stock and all dividends and "rights" had been reinvested in such stock, the amount would have been—		Equivalent to an annual rate of return at compound interest of—	
	1914	1905	1890-1914	1905-1914
			<i>Per cent.</i>	<i>Per cent.</i>
Chicago, Burlington & Quincy.....	\$5,342	\$4,590	7.8	3.7
Chicago, Milwaukee & St. Paul.....	5,529	4,778	7.2	1.6
Chicago & North Western.....	5,285	4,464	7.0	1.8
Chicago, St. Paul, Minneapolis & Omaha.....	8,217	7,520	9.0	.5
Great Northern.....	25,907	24,135	14.7	2.0
Minneapolis & St. Louis.....	335	1,725	14.4	16.6
Northern Pacific.....	6,991	6,471	8.3	.9
Union Pacific.....	3,351	1,709	5.0	7.8
Arithmetical average.....	8,105	6,992	8.9	1.7
Weighted average (on mileage basis).....	8,992	7,464	9.4	2.0

¹ Decrease.

A check of the table discloses, however, that if instead of covering the 25-year period, the period 1905 to 1914 had been taken, the average annual return to an investor in the stocks of these carriers in 1905 would be computed on the same basis as employed by the witness at from 1.7 per cent to 2 per cent.

A study of the financial aspect of the problem would be incomplete without reference to the corporate income of the carriers involved. An appraisal of net corporate income as an index of the adequacy of rates was made in the *Five Per Cent case*, where the Commission said:

Net corporate income is the amount remaining for dividends and surplus after interest, leased line rental, and other charges have been paid. A proper return in net operating income might not result in a net corporate income sufficient to meet a carrier's interest and dividend requirements. Interest and dividends are computed upon the par value of securities, and this value may differ widely from the amounts actually invested in the property on which an adequate return is due. This is especially true of capital stock, which is shown as a liability at par on the books of the carriers, although the par value may have little or no relation to the amount of cash invested in the property. Roads representing a large investment and having great earning power may have but little outstanding capital stock; on the other hand, roads representing a small investment and having a meager earning power may have a relatively large capitalization. * * *

The net corporate income for the fiscal year 1913 of the carriers in official classification territory, comprised in the 35 systems, averaged 8.07 per cent upon their outstanding capital stock and ranged from 24.93 per cent, earned by the Central Railroad of New Jersey, to a deficit of 13.74 per cent on the stock of the Cincinnati, Hamilton & Dayton. * * *

It is unnecessary to illustrate further the impropriety of accepting net corporate income as a measure of the adequacy of rates. The carriers, however, while exhibiting their returns in net corporate income, have very properly placed greater dependence upon the net operating income as the measure of the sufficiency of their returns; and we shall use the net operating income of these carriers as the product of transportation rates that should be examined in order to determine, so far as we may, the adequacy and tendency of their revenues. *The Five Per Cent case*, 31 I. C. C., at pp. 362-363.

From data afforded by protestants' witness, Powell, the following table, No. 22, is of interest as indicating for the carriers included in his two groups, the northwestern group including the three strong transcontinental lines already referred to, the ratio of net corporate income to total stock outstanding. The showing indicates that the northwestern carriers are relatively in a more favorable position than those in the southwest. The situation in detail for 14 of the northwestern carriers is indicated for the years 1911-1914 in Table No. 42, printed in the appendix.

TABLE 22.—Ratio of net corporate income, increased by amount of interest, to total capital obligations, and net corporate income to total stocks outstanding: 1901-1914.

Year.	Protestant witness Powell.			
	Ratio of net corporate income, increased by amount of interest, to total capital obligations.		Ratio of net corporate income to total stocks outstanding.	
	Northwestern roads. ¹	Southwestern roads. ²	Northwestern roads. ¹	Southwestern roads. ²
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	5.43	4.80	6.71	5.24
1902.....	5.68	4.92	8.05	5.99
1903.....	5.80	4.93	8.62	5.85
1904.....	5.80	4.63	8.58	5.24
1905.....	6.24	4.37	9.08	4.59
1906.....	6.80	4.81	9.93	5.74
1907.....	7.13	5.63	10.44	7.94
1908.....	7.18	3.80	10.16	3.61
1909.....	6.26	4.21	8.04	4.60
1910.....	6.66	4.10	9.04	4.51
1911.....	6.13	3.63	8.36	3.34
1912.....	5.60	3.47	7.62	2.87
1913.....	6.57	3.60	9.62	4.04
1914.....	5.94	3.46	8.23	2.57

¹ Chicago & Northwestern; Chicago, St. Paul, Minneapolis & Omaha; Chicago, Burlington & Quincy; Chicago, Milwaukee & St. Paul; Chicago Great Western; Iowa Central; Great Northern; Minneapolis & St. Louis; Northern Pacific; Minneapolis, St. Paul & Sault Ste. Marie; Union Pacific.

² Atchison, Topoka & Santa Fe; Chicago, Rock Island & Pacific; Fort Smith & Western; Galveston, Houston & Henderson; Kansas City, Mexico & Orient; Kansas City Southern; Midland Valley; Missouri, Kansas & Texas; Missouri & Northern Arkansas; Missouri, Oklahoma & Gulf; Missouri Pacific; St. Louis, Iron Mountain & Southern; St. Louis Southwestern; St. Louis Southwestern of Texas; Morgan's Louisiana & Texas; St. Louis & San Francisco; Texas & Pacific; Trinity & Brazos Valley.

It was urged by counsel for protestant state railway commissions that the rapid growth in cost of road and equipment was a reason for giving little weight to the declining net return upon investment, since, in a period of rapid reconstruction the operating expenses are increased, thus reducing the net operating income, and in such a period the investment itself is in large part an anticipation of future needs. It was further asserted that the changes in accounting rules, as previously stated, exaggerated the statement of growth in the investment; in other words, that the reported growth in cost of road and equipment has been partly the result of a mere book-keeping change and partly an evidence of rapid reconstruction. A study of book values per mile for the roads involved will show that the rapid upward trend in the investment is not coincident with changes in accounting rules. This appears from Table 23 and Chart E following:

TABLE 23.—*Cost of road and equipment and number of equated traffic units, 1901–1914.*

Year.	Railroad witness Wetling, 41 roads.								
	Cost of road and equipment.		Equated traffic units. ¹		Equated traffic units per dollar of investment.	Cost of roadway and equipment per mile of road owned.		Equated traffic units per mile operated.	
	Amount in billions.	Per cent of 1901.	Number in billions.	Per cent of 1901.		Amount.	Per cent of 1901.	Number.	Per cent of 1901.
1901.....	\$3.006	100	50.32	100	16.7	\$47,867	100	750,444	100
1902.....	3.122	104	55.82	111	17.9	48,051	100	792,105	106
1903.....	3.336	111	61.78	123	18.5	46,880	98	817,328	109
1904.....	3.488	116	63.20	126	18.1	46,980	98	796,281	106
1905.....	3.561	118	67.77	135	19.0	46,918	98	829,231	110
1906.....	3.712	124	76.50	152	20.6	47,800	100	920,424	123
1907.....	3.842	128	84.85	169	22.1	48,101	101	968,165	128
1908.....	3.967	132	81.51	162	20.6	49,970	104	980,721	124
1909.....	4.080	136	84.46	168	20.7	50,864	106	962,872	127
1910.....	4.504	150	95.94	191	21.8	53,148	111	1,084,011	138
1911.....	4.674	156	96.70	192	20.7	54,181	113	1,016,436	135
1912.....	4.797	160	96.17	191	20.0	54,441	114	999,622	133
1913.....	4.908	163	108.24	215	22.1	55,363	116	1,113,179	148
1914.....	5.078	169	107.01	213	21.1	56,559	118	1,086,936	145

¹ One passenger-mile considered equivalent to 3 ton-miles.

This table and chart shows for the 41 roads the total and per mile cost of road and equipment on a relative basis, the figures for 1901 being taken as 100 per cent. Traffic has increased faster than investment, taking the period as a whole. Relatively the traffic growth was most rapid from 1901 to 1907, but the upward trend in the investment per mile began during the year 1906. The rapid growth in investment appears to be the natural response to a marvelous traffic development, although in individual instances the increase does not represent actual new investment. The sharp increase in 1910 in both the total and per mile figures is in part explained by

the fact that Wettling's tabulation introduces the figures for the Chicago Great Western and the Puget Sound in that year. The reorganized Chicago Great Western Railroad Company's per mile cost of road and equipment for 1910 was \$71,654 when the mileage shown by Wettling is used as a divisor, which includes the lines of proprietary companies as well as the mileage "owned" by the parent company. The Chicago, Milwaukee & Puget Sound reported a cost of road and equipment per mile of \$116,840 in 1910, although with the mileage used by Wettling this would become \$167,102 per mile for that year.

Individual railroads show in their traffic and investment experience considerable deviation from the average. Data for three roads are given for comparison in Table 24 and Chart F.

CHART E.—Equated traffic units and net cost of road and equipment, total and per mile for Wettling's 41 roads, 1901-1914; Relative figures, 1901 being taken as 100 per cent. (A) Equated traffic units, total; (B) Net cost of road and equipment, total; (C) Equated traffic units per mile operated; (D) Net cost of road and equipment per mile of road owned.

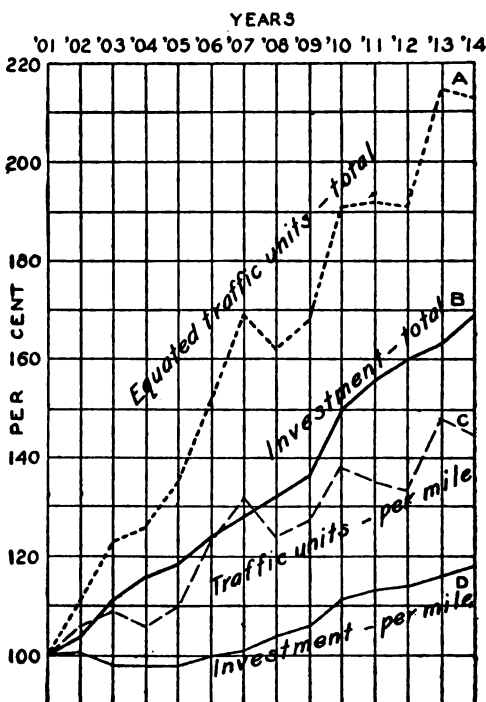


TABLE 24.—Cost of road and equipment, equated traffic units, and operating income, Chicago & North Western Railway, Chicago, Burlington & Quincy Railroad, and Missouri, Kansas & Texas lines, 1901-1914, per mile and relative figures, 1901 being taken as 100 per cent.

CHICAGO & NORTH WESTERN RAILWAY.

Year.	Cost of road and equipment per mile of road owned.		Equated traffic units per mile of road operated.		Operating income ¹ per mile of road operated.	
	Amount.	Per cent of 1901.	Number.	Per cent of 1901.	Amount.	Per cent of 1901.
1901.....	\$35,164	100	7,922	100	\$2,519	100
1902.....	35,373	101	8,525	108	2,684	107
1903.....	30,479	87	8,344	105	2,550	101
1904.....	30,549	87	8,108	102	2,268	90
1905.....	30,820	88	8,472	107	2,426	96
1906.....	31,569	90	9,780	125	3,075	122
1907.....	32,414	92	10,390	131	3,008	119
1908.....	33,188	94	9,767	123	2,438	97
1909.....	34,721	99	10,032	127	2,533	101
1910.....	38,660	110	11,273	142	2,328	92
1911.....	40,282	115	11,138	141	2,308	92
1912.....	41,478	118	10,674	135	2,147	85
1913.....	42,395	121	12,069	152	2,554	101
1914.....	44,463	127	12,061	152	2,368	94

CHICAGO, BURLINGTON & QUINCY RAILROAD.

Year.	Amount.	Per cent of 1901.	Number.	Per cent of 1901.	Amount.	Per cent of 1901.
1901.....	\$37,861	100	7,058	100	\$2,019	100
1902.....	37,757	100	7,248	103	2,235	111
1903.....	37,385	99	8,278	117	2,668	132
1904.....	39,553	104	8,549	121	2,495	124
1905.....	39,234	104	8,881	126	2,554	126
1906.....	39,858	105	10,091	143	2,409	119
1907.....	39,571	105	11,049	157	2,336	116
1908.....	40,734	108	10,723	152	2,181	108
1909.....	41,251	109	10,849	154	2,296	114
1910.....	41,699	110	12,196	173	2,294	114
1911.....	43,096	114	11,725	166	2,716	134
1912.....	43,833	116	12,098	171	2,402	119
1913.....	44,975	119	13,405	190	2,999	149
1914.....	45,959	121	13,205	187	2,796	138

MISSOURI, KANSAS & TEXAS LINES.

Year.	Amount.	Per cent of 1901.	Number.	Per cent of 1901.	Amount.	Per cent of 1901.
1901.....	\$95,991	100	7,315	100	\$2,252	100
1902.....	66,960	100	7,255	99	1,904	85
1903.....	66,321	99	6,995	95	1,963	88
1904.....	61,757	92	6,054	83	1,532	68
1905.....	62,090	93	6,537	89	1,531	68
1906.....	67,040	100	6,880	94	2,032	90
1907.....	68,544	102	8,271	113	2,789	124
1908.....	69,650	104	7,994	109	1,865	83
1909.....	69,654	104	8,668	118	1,992	88
1910.....	69,106	103	8,810	120	1,830	81
1911.....	71,950	108	8,797	120	2,246	100
1912.....	72,353	108	8,617	118	1,670	74
1913.....	62,306	93	8,250	112	2,223	99
1914.....	62,209	93	8,007	109	1,772	79

¹ Less hire of equipment and joint facility and miscellaneous rents.

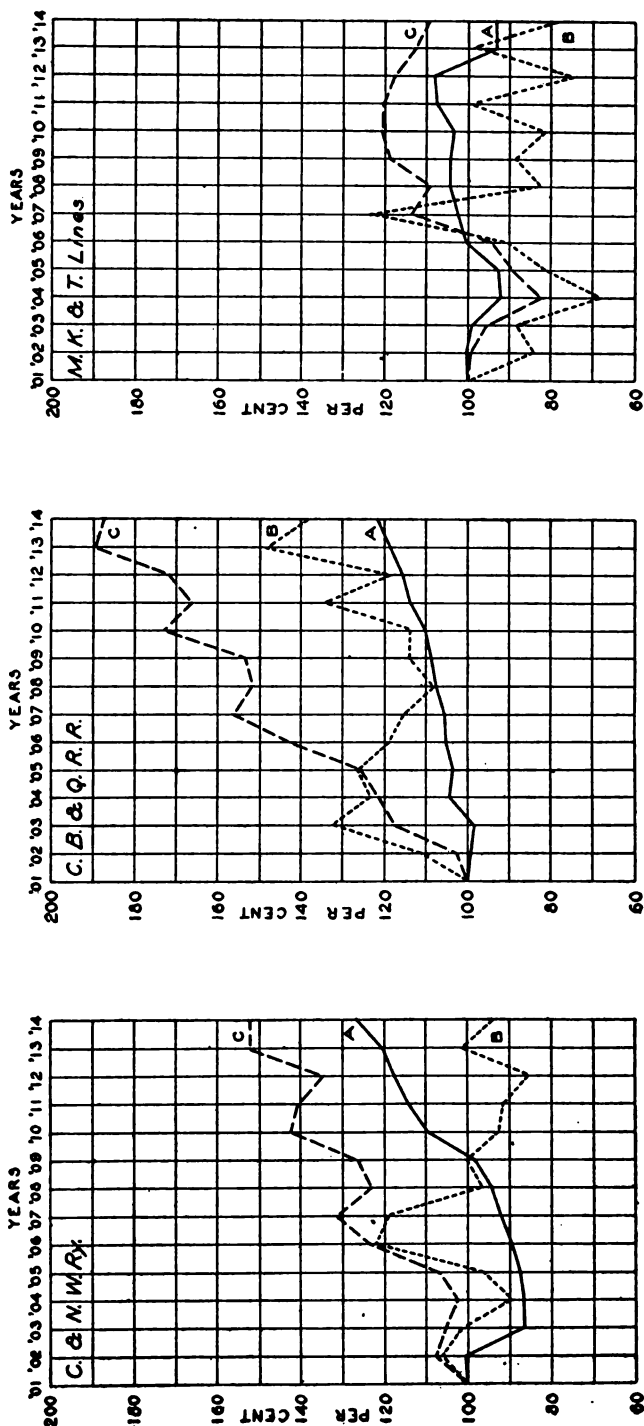
The marked increase in the investment of the North Western in 1910 is due to an expenditure of \$11,232,000 for right of way and station grounds and of \$5,951,000 for equipment. In the case of the Burlington the upward trend since 1910 shows the influence of large expenditures for equipment. In the diagram for the Missouri, Kansas & Texas lines the distorting effect of large increases in mileage is seen.

From the financial evidence we find that the credit of these carriers as a whole has not suffered an impairment not common to comparable industrial enterprises; that in common with other borrowers, corporate and governmental, these carriers are required to pay on the average a higher percentage than heretofore for the use of capital; that these carriers in common with comparable industries generally are paying higher prices for many materials and higher wages for most kinds of labor; that these carriers in meeting increased costs with increased prices for service are subject to certain disabilities not similarly encountered by many other industries; that the relatively equal depression of the carriers' credit with credit generally is not evidence of the adequacy or inadequacy of their present net revenues; that their net corporate income can not be accepted as a measure of the adequacy or inadequacy of present rates; and that the increasing percentage of bonds to their total capital obligations indicates a growing disinclination to invest in their stocks and a growing unwillingness to accept the prospect of dividends as a sufficient incentive to assume the risks of railroad proprietorship.

From the preceding study of the trend of the operating ratio of the carriers here before us we have found that the relative profitableness of their business, taking the roads as a whole, has declined since 1901, and that the main cause effecting this result has been an increase in expenditures not offset by an increase in receipts.

The figures given below are compiled from the annual reports rendered to the Interstate Commerce Commission by the carriers named, or their predecessors in cases of reorganizations, for the years ended June 30, 1890 to 1914, inclusive. They show the par values of funded debt and capital stocks reported outstanding at the close of the respective fiscal years and the amounts charged to Income account for interest accrued and dividends declared on such debt and stocks. They also show the amounts of income appropriated for sinking funds, additions to property, and other corporate benefits, and amounts of income transferred to the credit of profit and loss account, after provision for interest, dividends, sinking funds, improvements, etc., as above stated. In those cases where the amount transferred from income account to profit and loss account was a charge instead of a credit, that is, when the income for the year was

CHART F.—(A) Cost of road and equipment per mile owned; (B) Operating income per mile operated; (C) Equated traffic units per mile operated, 1901-1914. Relative figures, 1901 being taken as 100 per cent.



inadequate to satisfy the demands for the year in respect to interest, sinking funds, etc., the fact is indicated by marginal reference.

For comparison from year to year, the number of miles of road operated on June 30 of each year is also shown, but this number is not closely comparable with the amounts of funded debt and capital stock; in some cases portions of the road operated are held under lease from corporations not controlled by the lessee, and in such cases the securities representing the leased road are obviously not included in or represented by the outstanding securities of the lessee. The annual rents on such property are not shown in the following statements, but they have been provided for in the income account before making provision for interest, sinking funds, etc.

It is also apparent that where carriers have investments of considerable importance other than in road and equipment, the revenues from such investments may appreciably affect the income accounts, and the securities issued for the purpose of acquiring such investments may account for considerable portions of interest and dividend charges.

85 I. C. C.

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.	Dividends declared during year.		Appropriations charged to income account for property, sinking funds, etc.	Income balance transferred to credit of profits and loss.
			Interest accrued on funded debt.			Dividends declared during year.			
			Amount.	Rates.		Amount.	Rates.		
1890 ¹	2,789.19			Per cent.	\$20,000,000		Per cent.		\$413,529
1891	2,877.42				20,000,000	\$650,000	5		988,621
1892	2,873.54				20,000,000	1,000,000	5		943,478
1893	3,402.40	\$15,000,000	\$500,000	4	20,000,000	1,000,000	5		1,182,331
1894	3,767.25	15,000,000	600,000	4	25,000,000	1,187,800	5		*104,154
1895	3,765.99	15,000,000	600,000	4	25,000,000	1,250,000	5		1,081,608
1896	3,765.62	15,000,000	600,000	4	25,000,000	1,250,000	5		1,042,547
1897	3,828.92	15,000,000	600,000	4	25,000,000	1,250,000	5		1,207,267
1898	3,859.95	15,000,000	600,000	4	25,000,000	1,500,000	6	\$2,250,000	2,071,769
1899	4,094.08	36,000	81,212	4	88,226,610	3,851,084	6 ¹	1,800,000	1,787,182
1900	4,076.37				98,413,500	6,408,778	7	1,800,000	2,317,764
1901	4,084.89				*107,070,458	6,897,290	7	2,000,000	
1902	4,551.25	107,577,200	(²)		123,853,000	8,225,920	7	2,000,000	2,116,990
1903	4,814.90	107,690,000			123,996,750	8,673,978	7	3,000,000	4,133,979
1904	4,886.53	114,893,600	212,625	5	124,129,250	8,683,925	7	2,000,000	3,432,182
1905	5,018.38	114,901,900	384,500	5	124,265,625	8,682,890	7	3,000,000	5,137,376
1906	5,183.11	107,612,600	151,875	5	*149,546,050	9,148,520	7	6,120,910	5,184,569
1907	5,335.35	107,613,000	(³)		184,188,713	10,498,602	7	4,924,976	2,155,708
1908	6,036.54	283,513,909	9,121,681	4-6	205,986,750	10,471,820	7	2,468,832	*607,264
1909	6,878.05	283,511,409	9,005,071	4-6	205,970,250	14,066,475	7	2,789,941	*847,341
1910	7,146.76	219,115,409	9,102,724	4-6	205,981,500	14,066,475	7	2,818,388	
1911	7,294.25	276,556,409	9,395,054	4-6	205,981,875	14,066,415	7	3,020,000	2,703,278
1912	7,482.36	282,300,409	10,766,380	4-6	205,990,750	14,066,559	7	*4,250,000	4,277,960
1913	7,750.18	283,444,409	10,768,588	4-6	*222,946,296	15,063,048	7		
1914	7,802.66	300,738,409	10,766,062	4-6	*238,820,468	15,063,048	7	15,000,000	3,311,122

*The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

- ¹ Report for 5 months ended June 30, 1890.
- ² Interest charged to construction account.
- ³ Represents a deficit.
- ⁴ Includes \$338,708, "Net subscription to new stock."
- ⁵ Interest paid by C. B. & Q. Ry. Co.
- ⁶ Includes \$34,036,212, "Stock subscriptions."
- ⁷ Includes \$34,036,212, "Receipts outstanding for installments paid."
- ⁸ Includes \$1,283,776, "Receipts outstanding for installments paid."
- ⁹ Excludes \$1,129,166, "Miscellaneous appropriations of income."
- ¹⁰ Excludes \$306,382, "Miscellaneous appropriations of income."

Statement compiled from returns contained in the annual reports of the Northern Pacific Railway Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.		Appropriations charged to income account for property, plant, funds, etc.	Income balance transferred to credit of profit and loss.
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.		
								On common.	On preferred.	
1890	4,042.46	\$112,219,779	\$5,319,006	Per cent.	\$49,000,000	\$36,983,324	\$1,112,723		3	\$743,905
1891	4,245.86	124,951,500	6,457,074	6-7	49,000,000	36,638,612	1,472,466		4	435,287
1892	4,453.82	128,752,500	6,901,956	6-7	49,000,000	36,594,260	1,083,033		3	283,156
1893	4,622.84	133,645,500	7,092,180	6-7	49,000,000	36,140,131				589,268
1894	4,831.19	138,199,500	7,618,760	6-7	49,000,000	36,026,428				6,503,005
1895	4,643.96	136,973,000	7,638,413	6-7	49,000,000	35,260,147				5,137,208
1896	4,532.82	136,283,500	7,680,545	6-7	49,000,000	35,283,347				5,153,130
1897	4,537.53	156,382,500	6,110,248	6-7	80,000,000	75,000,000	3,000,000			502,048
1898	4,524.45	159,743,400	6,079,160	6-7	80,000,000	75,000,000				2,897,875
1899	4,887.17	160,387,600	6,079,273	6-7	80,000,000	75,000,000	4,600,000			1,083,263
1900	5,084.99	171,246,597	6,864,950	6-7	80,000,000	75,000,000	5,400,000			1,083,819
1901	5,284.13	172,925,789	6,865,681	6-7	80,000,000	75,000,000	6,200,000			1,042,619
1902	5,376.61	177,221,233	6,904,697	6-7	80,000,000	75,000,000	8,490,946		(c)	1,547,266
1903	5,424.23	202,202,486	6,922,980	6-7	155,000,000		10,074,948			1,646,131
1904	5,618.88	202,202,486	6,922,980	6-7	155,000,000		10,850,000			1,876,323
1905	5,776.26	203,067,419	6,947,983	6-7	155,000,000		10,850,000			3,016,933
1906	5,781.99	203,986,419	6,986,140	6-7	155,000,000		10,850,000			5,642,620
1907	5,810.16	204,316,378	7,015,995	6-7	155,000,000		10,850,000			12,623,929
1908	6,000.97	207,832,739	11,330,768	6-7	217,881,836		10,850,000			6,295,118
1909	6,087.42	209,051,000	10,947,704	6-7	245,000,000		14,104,790			7,534,350
1910	6,183.86	208,666,000	10,826,154	6-6	245,000,000		17,359,688			4,906,260
1911	6,394.51	207,689,000	10,841,667	6-6	245,000,000		17,359,680			3,082,266
1912	6,420.02	208,979,000	10,907,511	6-6	245,000,000		17,357,900			2,303,815
1913	6,653.59	209,966,000	11,067,470	6-6	245,000,000		17,356,220			3,433,518
1914	6,665.46	302,351,000	11,240,205	6-6	245,000,000		17,356,220			2,396,247

*The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

† Figures represent returns of the Northern Pacific R. Co.

‡ Includes \$96,101 declared from surplus.

§ Represents a deficit.

|| Figures represent returns of the Northern Pacific R. Co. for the 10 months ended June 30, 1897.

¶ Represents \$6,000,000 declared on common stock and \$1,400,000 declared on preferred stock.

‡ Includes \$14,723,100 subscriptions to new capital stock.

§ Includes \$9,600,000 - subscriptions to new capital stock.

Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.			Appropriations charged to income for account for property, sinking funds, etc.	Income balance transferred to credit of profit and loss.
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On com-mon.	On pre-ferred.		
1890	5,685.92	\$125,662,000	\$7,214.155	Per cent.	\$39,898,961	\$21,839,900	\$1,296,820		6		\$928,866
1891	5,750.49	126,797,000	7,237.252	4-8	46,027,261	22,198,900	1,533,153		7		700,537
1892	5,759.09	129,105,000	7,161.737	4-8	46,027,261	24,364,900	1,572,013		7		2,859,094
1893	5,761.83	130,865,000	7,065.216	4-8	46,027,261	25,767,900	3,589,666		7		832,735
1894	5,185.96	138,801,000	7,055.748	4-8	46,027,261	25,973,900	3,647,521		7		67,213
1895	6,206.42	139,321,000	7,029.377	4-8	46,027,261	26,156,900	3,199,521		7		402,735
1896	6,187.32	139,161,000	7,611.928	4-8	46,027,261	26,886,900	3,237,131		7	\$45,270	2,127,960
1897	6,191.00	137,763,000	7,486.747	4-8	46,026,800	31,054,400	3,737,453		7		845,851
1898	6,191.00	136,598,500	7,190.431	4-8	46,026,800	31,818,400	4,635,768		7		2,922,976
1899	6,190.67	136,226,500	6,890.120	3-7, 3	47,146,000	35,596,400	4,597,910		7		2,107,332
1900	6,461.56	131,147,000	6,633.170	3-7	51,631,800	40,458,400	6,444,181		7		2,738,976
1901	6,746.58	126,941,500	6,383.035	3-7	58,183,800	46,682,400	7,586,675		7		3,065,859
1902	6,754.10	124,796,500	6,210.066	3-7	58,183,800	47,794,400	7,586,675		7		2,817,553
1903	6,832.92	128,754,500	6,101.336	3-7	58,183,800	48,374,400	7,418,481		7		3,299,920
1904	7,180.61	128,104,500	6,051.775	3-7	58,183,800	49,327,400	7,733,396		7		4,386,480
1905	7,185.75	122,176,500	5,902.045	3-7	58,183,800	49,308,400	7,636,766		7		3,246,968
1906	7,267.67	121,849,500	5,913.850	3-7	58,183,800	49,654,400	8,107,849		7		3,072,463
1907	7,410.82	125,817,500	5,942.140	3-7	83,183,800	49,676,400	9,306,040		7		3,247,410
1908	7,516.33	126,679,500	5,916.760	3-7	83,183,800	49,975,400	9,306,040		7		3,706,586
1909	7,511.58	143,693,500	5,855.718	3-7	116,348,200	116,274,900	15,231,453		7		1,064,303
1910	7,511.41	192,038,631	6,811.804	3-7	116,348,200	116,274,900	16,231,453		7		1,126,861
1911	7,511.44	232,671,455	8,372,349	3-6	116,348,200	116,274,900	15,071,968		7		5,158,165
1912	7,511.41	248,386,165	8,494,529	3-6	116,348,200	116,274,900	13,912,533		7		8,657,644
1913	7,910.02	455,848,966	10,819,632	3-6	116,348,200	116,274,900	13,912,533		7	72,661	1,201,366
1914	9,987.30	486,880,155	13,254,823	3-6	116,855,400	116,274,900	13,928,976		7	136,901	

* The figures are shown to the nearest whole dollar.

The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

† Includes \$1,829,632 declared from surplus.

‡ Represents a deficit.

§ Includes \$5,115,727 declared from surplus.

• Declared from surplus.

Statement compiled from returns contained in the annual reports of the Chicago & North Western Railway Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.			Appropriations charged to income for account for property, sinking funds, etc.	Income balance transferred to credit of profit and loss.
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On pre-ferred.	On com-mon.		
1890.....	4,254.92	\$104,985,500	\$3,803,658	Per cent.	1,844,197,741	\$22,335,455	\$2,444,970	6	7	\$202,570	\$377,924
1891.....	4,273.54	112,570,500	6,852,505	4-8	2,441,877,860	22,335,455	3,442,504	6	7	201,301	315,793
1892.....	4,273.54	114,864,500	6,069,148	4-8	2,441,886,860	22,335,455	3,675,735	6	7	410,425	1,541,977
1893.....	4,273.54	117,100,500	6,195,739	4-8	2,441,890,360	22,335,455	3,905,561	6	7	200,200	1,280,345
1894.....	5,030.78	130,112,500	6,872,927	4-8	2,441,890,360	22,335,455	3,905,561	6	7	365,329	6,010
1895.....	5,030.78	131,659,500	6,999,426	4-8	2,441,890,360	22,335,455	3,125,545	4	7	363,023	4,674,449
1896.....	5,030.78	131,652,500	7,045,201	4-8	2,441,890,360	22,335,455	3,517,087	4	7	263,868	1,811,528
1897.....	5,030.78	131,947,500	7,045,072	4-8	2,441,890,360	22,335,455	3,518,050	4	7	289,834	1,866,370
1898.....	5,065.62	134,122,000	7,015,981	3-8	2,441,890,360	22,370,955	3,519,594	5	7	197,260	2,140,015
1899.....	5,571.22	144,833,000	6,932,705	3-8	2,441,890,360	22,388,955	3,523,740	5	7	202,000	1,842,658
1900.....	5,583.53	149,339,000	6,971,091	3-8	2,441,890,360	22,388,955	3,914,394	6	7	744,541	1,857,446
1901.....	5,583.53	149,339,000	7,094,550	3-8	2,441,890,360	22,388,955	4,529,463	6	7	894,526	1,838,316
1902.....	5,900.26	164,085,500	7,320,863	3-7	2,441,890,360	22,388,955	4,823,054	7	8	922,513	661,417
1903.....	7,411.77	162,390,800	8,072,804	3-7	2,441,890,360	22,388,955	5,174,924	7	8	3,226,000	234,817
1904.....	7,408.13	163,214,000	8,060,715	3-7	2,441,890,360	22,388,955	5,174,924	7	8	3,226,000	642,886
1905.....	7,408.13	164,214,000	7,832,107	3-7	2,441,890,360	22,388,955	5,174,924	7	8	3,226,000	2,816,339
1906.....	7,622.91	166,214,000	7,740,187	3-7	2,441,890,360	22,388,955	5,174,924	7	8	3,226,000	7,890,388
1907.....	7,632.23	196,415,000	7,602,173	3-7	2,441,890,360	22,388,955	5,764,272	7	8	225,000	4,874,419
1908.....	7,637.97	203,665,000	7,603,026	3-7	2,441,890,360	22,388,955	5,764,272	7	8	225,000	6,170,791
1909.....	7,629.39	204,959,000	7,632,615	3-7	2,441,890,360	22,388,955	5,832,083	7	8	225,000	2,406,449
1910.....	7,743.48	206,962,000	7,726,146	3-7	2,441,890,360	22,388,955	10,869,019	7	8	225,000	1,705,456
1911.....	7,960.45	221,975,000	8,043,840	3-7	2,441,890,360	22,388,955	10,869,019	7	8	183,000	5,977,716
1912.....	7,976.34	232,570,000	8,529,256	3-7	2,441,890,360	22,388,955	10,869,019	7	8	183,000	5,977,716
1913.....	8,094.94	260,544,000	9,299,008	3-7	2,441,890,360	22,388,955	10,869,019	7	8	183,000	5,977,716
1914.....											

- 1 Includes \$2,812,500 common stock of proprietary companies on which no dividends are shown, and \$376, "Subscriptions of stock Paint River Railway Company."
- 2 Includes \$2,802,500 common stock of proprietary companies on which no dividends are shown.
- 3 Represents appropriations to sinking funds and St. Paul Eastern Grand Trunk Railway interest guaranteed.
- 4 Represents a deficit.
- 5 Includes \$2,697,500 common stock of proprietary companies on which no dividends are shown.
- 6 Includes \$11,387 charged to construction.
- 7 Includes \$144 charged to construction.
- 8 Includes \$2,617,500 common stock of proprietary companies on which no dividends are shown.
- 9 Includes \$2,645,000 common stock of proprietary companies on which no dividends are shown.
- 10 Includes \$2,617 charged to construction.
- 11 Includes \$2,367,000 common stock of proprietary companies on which no dividends are shown.
- 12 Includes \$29,581 charged to construction.
- 13 Includes \$2,360,000 common stock of proprietary companies on which no dividends are shown.
- 14 Includes \$3,546 charged to construction.
- 15 Includes \$2,578,000 common stock of proprietary companies on which no dividends are shown.
- 16 Includes \$2,410,000 common stock of proprietary companies on which no dividends are shown.
- 17 Includes \$2,408,000 common stock of proprietary companies on which no dividends are shown.
- 18 Includes \$2,480,000 common stock of proprietary companies on which no dividends are shown.
- 19 Includes \$70,000 common stock of proprietary companies on which no dividends are shown.

Statements compiled from returns contained in the annual reports of the Chicago, Burlington & Quincy Railroad Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.		Appropriations charged to income account for property, sinking funds, etc.	Income balance transferred to credit of profit and loss.	
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On com-mon.			On pre-ferred.
1890.	5,138.82	\$106,319,289	\$5,532,630	4-8	\$76,394,506			\$3,437,667	4 1/2		\$812,463
1891.	5,284.27	114,668,483	5,768,929	4-8	76,394,506			3,437,667	4 1/2		1,862,551
1892.	5,440.74	116,580,981	6,003,376	4-8	76,397,400			3,628,720	4 1/2		1,053,493
1893.	5,556.21	123,906,231	6,444,124	4-8	76,408,900			3,850,221	5		1,707,894
1894.	5,595.58	124,744,400	6,546,632	4-8	82,004,200			4,100,135	6		1,544,233
1895.	5,731.82	127,714,400	6,998,134	4-8	82,004,200			3,486,116	4 1/2		1,590,246
1896.	5,870.48	129,409,900	6,679,306	4-8	82,004,200			3,280,109	4		15,837
1897.	5,899.70	129,034,900	6,735,919	4-8	82,004,200			3,280,112	4 1/2		1,870,017
1898.	5,899.70	129,034,900	6,735,919	4-8	82,004,200			3,280,112	4 1/2		1,826,454
1899.	6,230.93	136,437,700	6,514,668	3 1/2-8	98,447,500			5,233,370	6		1,613,899
1900.	6,412.48	135,899,100	6,743,437	3 1/2-7	110,577,700			5,622,567	6 1/2		2,173,953
1901.	7,789.46	147,204,300	7,447,974	3 1/2-7	110,577,700			6,062,567	6 1/2		1,506,953
1902.	7,971.13	152,072,400	7,235,778	3 1/2-7	110,586,100			7,478,063	7 1/2		2,684,000
1903.	8,306.15	156,050,900	7,899,392	3 1/2-7	110,586,100			7,738,553	7 1/2		2,083,592
1904.	8,326.16	171,015,100	8,999,392	3 1/2-7	110,586,100			7,738,553	7 1/2	\$731,717	6,841,374
1905.	8,561.64	170,512,100	7,376,229	3 1/2-7	110,586,100			7,738,553	7 1/2	630,133	5,071,168
1906.	8,677.02	174,172,000	7,845,064	3 1/2-7	110,586,100			7,738,553	7 1/2	983,440	5,071,168
1907.	8,675.07	183,690,000	7,298,777	3 1/2-7	110,586,100			7,738,553	7 1/2		5,383,184
1908.	9,023.66	183,064,000	7,124,009	3 1/2-7	110,586,100			8,817,474	14	3,832,426	1,066,510
1909.	9,020.82	203,372,000	7,975,507	3 1/2-7	110,586,100			8,817,474	8	2,912,000	1,266,372
1910.	9,089.97	209,856,000	8,505,016	3 1/2-7	110,586,100			8,817,474	8	3,234,831	1,112,612
1911.	9,074.84	209,856,000	8,695,370	3 1/2-7	110,586,100			8,817,474	8	5,480,964	3,149,360
1912.	9,074.10	209,856,000	8,647,309	3 1/2-7	110,586,100			8,817,474	8	4,602,048	3,149,360
1913.	9,128.51	209,126,000	8,546,483	3 1/2-7	110,586,100			8,817,474	8	8,303,183	2,511,404
1914.	9,263.86	214,537,000	8,499,081	3 1/2-7	110,586,100			8,817,474	8	6,375,736	2,531,404

* The figures are shown to the nearest whole dollar.

1 Represents a deficit.

2 Excludes \$6,002,776, "Bond subscriptions."

3 Excludes \$4,285,700, "Bond subscriptions."

4 Includes \$6,400,540, declared from surplus.

The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

Statement compiled from returns contained in the annual reports of the Union Pacific Railroad Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.		Appropriations charged to income for account for property, sinking, fundis, etc.	Income balance transferred to credit of profit and loss.	
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On com-mun.			On pre-ferred.
				Per cent.							
1,821.27	\$81,540,585	\$4,970,641	4-8	\$90,868,500	\$75,000,000	\$3,750,000			\$718,508	\$2,457,722	
1,821.96	124,335,226	5,424,648	4-8	60,868,500	87,505,300	7,308,627	5		472,922	1,055,445	
1,821.96	146,445,168	5,272,177	4-8	60,868,500	95,645,900	7,308,627	3 1/2		971,230	1,401,196	
1,835.95	138,386,966	5,140,538	4-8	60,868,500	102,030,000	8,179,844	4		715,267	1,421,760	
1,835.95	136,983,402	4,795,253	4-8	60,868,500	104,039,800	8,385,084	4		677,860	1,609,520	
1,835.95	135,787,943	4,719,141	4-8	60,868,500	108,772,900	8,233,508	4		692,770	1,907,506	
1,835.95	133,739,438	4,211,942	4-8	60,868,500	115,842,900	9,457,100	4 1/2		685,930	1,28,057	
1,822.29	132,508,246	4,570,213	4-8	60,868,500	118,772,900	11,027,014	4 1/2		485,260	2,175,215	
1,849.29	95,011,000	1,900,000	4-5	61,000,000	105,448,900	19,531,324	8			1,802,741	
2,848.58	96,500,000	3,850,000	4-5	87,505,300	195,479,900	28,531,012	10			2,835,986	
2,877.89	99,500,000	3,850,000	4	95,645,900	198,489,900	28,530,584	10			2,835,986	
2,833.95	185,857,000	6,215,320	4	102,030,000	199,304,300	28,660,087	10			2,835,986	
2,841.84	181,522,000	7,445,273	4	104,039,800	216,579,700	28,641,316	10			2,835,986	
2,835.70	167,567,000	7,445,273	4	108,772,900	216,620,800	28,645,430	10			2,835,986	
2,835.70	151,156,000	6,871,728	4-5	115,842,900	216,647,500	28,645,430	10			2,835,986	
2,835.70	151,156,000	6,871,728	4-5	115,842,900	222,305,200	28,645,430	9			2,835,986	
2,835.45	100,581,000	4,293,148	4	105,448,900							
2,835.41	100,000,000	4,293,148	4	105,448,900							
2,830.92	198,268,568	8,510,894	4	195,489,900	216,579,700	28,641,316	10			2,835,986	
2,809.75	226,128,800	8,542,910	4	199,304,300	216,579,700	28,641,316	10			2,835,986	
2,472.77	195,896,650	8,057,129	4	216,579,700	216,620,800	28,645,430	10			2,835,986	
2,472.77	203,091,910	8,010,212	4	216,620,800	216,647,500	28,645,430	10			2,835,986	
2,575.06	203,091,910	8,072,962	4	216,647,500	216,647,500	28,645,430	10			2,835,986	
2,575.06	203,089,480	8,072,877	4	216,647,500	216,647,500	28,645,430	10			2,835,986	
2,615.64	183,185,865	7,535,757	4	222,305,200						2,835,986	

* The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

† Report of the Union Pacific Railway Co.

‡ Represents a deficit.

§ Report covers operations of the Union Pacific Railroad Co. for the 6 months ended June 30, 1908.

|| Includes \$1,125,000 declared from surplus.

¶ Excludes \$74,020,372, "Extra dividend on common stock," charged to profit and loss.

*Statement compiled from returns contained in the annual reports of the Atchafalaya, Topoka & Santa Fe Railway Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.**

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.		Appropriations charged to income to account for property sinking funds, etc	Income balance transferred to credit of profit and loss.	
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On com-mon.			On pre-ferred.
				Per cent.							
	4,582.19	\$213,343.204	\$7,015.188	4-7	\$97,644.475					\$103,210	
	4,582.12	216,959.918	7,122.556	2-4	102,000.000					1,496,172	
	4,582.12	220,683.628	7,090.890	2-4	102,000.000					2,201,633	
	4,582.12	225,433.628	7,090.842	2-4	102,000.000					3,145,004	
	4,582.12	233,467.294	8,550.043	4-8	102,000.000					1,864,096	
	4,582.12	233,467.729	8,767.829	3-8	102,000.000					4,432,380	
	4,582.12	162,846.390	8,676.845	4-8	102,000.000	\$131,498.000				1,174,266	
	4,542.76	174,196.710	4,008.958	4-8	102,000.000	131,498.000				1,452,446	
	4,664.73	184,458.710	4,992.148	4-8	102,000.000	131,498.000				3,690,426	
	4,867.61	186,235.710	5,185.132	4-8	102,000.000	131,498.000				5,056,180	
	4,815.64	196,458.710	5,201.327	4-8	102,000.000	131,498.000	\$1,141,657			5,296,607	
	4,843.61	225,785.810	6,438.985	4-8	102,000.000	131,498.000	3,139,557			5,777,617	
	4,871.84	231,980.260	9,134.488	4-8	102,000.000	131,498.000	7,788,910	1-1		5,672,961	
	5,030.74	239,423.060	9,154.770	4-8	102,000.000	131,498.000	9,788,910	4		1,995,143	
	5,043.30	246,226.300	9,610.645	4-8	102,000.000	131,498.000	12,641,255	4		1,995,143	
	5,043.30	275,164.800	10,022.114	4-8	102,000.000	131,498.000	12,641,255	4		1,995,143	
	5,043.30	277,315.800	11,126.781	4-8	102,000.000	131,498.000	11,863,722	5-1		13,776	
	7,101.62	311,915.850	12,229.165	4-8	102,000.000	114,199,580	11,871,267	5-1		1,885,879	
	7,453.47	307,714.850	12,198.077	4-8	121,604,000	114,199,580	10,861,240	5-1		398,523	
	7,459.85	300,610.983	11,658.444	4-8	165,563,000	114,199,580	15,356,720	6		9,000,000	
	7,549.69	333,867.850	12,404.505	4-8	168,475,000	114,199,580	15,641,150	6		4,703,218	
	8,201.86	346,983.045	13,455.316	4-8	170,174,000	114,199,580	15,876,875	6		5,414,140	
	8,237.55	322,439.045	13,521.771	4-8	190,581,000	114,199,580	16,107,470	6		2,696,960	
	8,339.72	315,460.045	12,624.765	4-8	198,856,000	114,199,580	17,400,440	6		6,035,589	
										2,770,804	

* The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

† Figures represent returns of the Atchafalaya, Topoka & Santa Fe R. R. Co.

‡ Includes \$118,760 charged to suspense.

§ Represents a deficit.

|| Figures represent returns of the Atchafalaya, Topoka & Santa Fe R. R. Co. for the six months ended Dec. 31, 1908, and of the Atchafalaya, Topoka & Santa Fe R. R. Co. for the six months ended June 30, 1909.

ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.		Appropriations charged to income account for property, sinking funds, etc.	Income balance transferred to credit of profit and loss.	
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On construction.			On preferred.
1890	6,082.91	(1)	\$ 857,000	6	\$116,074,800				\$940,552	\$376,125	
1891	6,356.13	1,900,000	114,000	6	116,043,170				176,471	1,231,866	
1892	6,474.80	2,926,000	162,610	6	119,047,170				413,708	1,464,053	
1893	6,602.06	2,926,000	166,360	6	120,984,170				226,566	1,686,669	
1894	6,641.06	2,715,000	162,980	6	120,984,170				241,160	1,901,211	
1895	6,810.21	2,644,000	162,940	6	120,984,070				376,339	1,962,230	
1896	6,868.69	2,572,000	154,360	6	120,984,070				36,472	1,819,010	
1897	6,414.02	2,501,000	152,190	6	121,068,170				16,246	1,423,696	
1898	6,526.90	2,426,000	157,040	6	120,982,114				11,408	1,347,223	
1899	6,674.10	31,176,000	1,390,212	4-6	197,832,148				180,239	1,720,440	
1900	6,674.12	46,104,000	1,390,210	4-6	197,847,788				197,642	1,771,737	
1901	6,712.38	46,104,000	1,390,210	4-6	197,847,788				114,738	1,570,767	
1902	6,776.88	51,842,000	2,002,370	4-6	197,847,788				217,694	1,787,828	
1903	6,812.70	61,800,000	2,477,397	4-6	197,847,788				190,498	1,977,828	
1904	6,420.22	46,096,000	2,597,026	4-6	197,849,269				190,498	2,205,853	
1905	6,408.61	39,230,000	1,607,099	4-6	197,849,269				260,923	1,148,837	
1906	6,403.50	39,230,000	1,613,137	4-6	197,849,269				644,431	1,294,931	
1907	6,603.17	39,457,000	1,550,220	4-6	197,849,269				355,877	2,074,745	
1908	6,603.21	119,555,048	1,818,643	4-6	213,910,359				644,746	2,863,985	
1909	6,130.50	131,841,540	4,805,723	4-6	273,672,406				5,000	7,500,458	
1910	6,108.28	134,302,410	5,149,988	4-6	273,672,406				5,000	6,771,345	
1911	6,309.75	140,587,410	5,418,583	4-6	273,672,406				5,000	8,731,870	
1912	6,333.75	145,581,910	5,648,905	4-6	273,672,406				5,000	9,859,918	
1913	6,491.62	203,226,337	6,310,240	4-5	273,672,406				5,000	24,001,139	

* The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities owned and held by the company.

1 No funded debt.

2 Charged to construction.

3 Represents a deficit.

* Includes \$18,141,915 subscriptions to preferred stock paid in to June 30, 1907, and on which no dividends were declared.

Statement compiled from returns contained in the annual reports of the Chicago, Rock Island & Pacific Railway Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road generated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.		Appropriations charged to income account for property, sinking funds, etc.	Income balance transferred to credit of profit and loss.	
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On com- mon.			On pre- ferred.
1890.....	3,355.45	\$50,737,000	\$2,677,225	Per cent.	\$46,156,000	.....	\$1,846,229	4	.....	\$138,650
1891.....	3,408.56	51,123,000	2,745,750	5-7	46,156,000	.....	1,846,252	4	.....	1,28,613
1892.....	3,474.09	56,857,000	2,871,786	5-7	46,156,000	.....	1,384,674	3	.....	843,512
1893.....	3,610.18	60,647,000	3,054,426	5-7	46,156,000	.....	1,846,252	4	.....	307,852
1894.....	3,570.83	62,512,000	3,246,176	5-7	46,156,000	.....	1,846,252	4	.....	1,315,279
1895.....	3,571.41	62,712,000	3,317,876	5-7	46,156,000	.....	1,133,896	2 1/2	.....	779,311
1896.....	3,571.41	62,712,000	3,322,176	5-7	46,156,000	.....	923,116	2	.....	599,109
1897.....	3,571.41	62,712,000	3,320,960	5-7	46,156,000	.....	923,116	2	.....	625,472
1898.....	3,568.19	63,874,000	3,212,474	4-7	50,000,000	.....	1,615,453	3 1/2	.....	1,746,885
1899.....	3,619.37	66,081,000	3,021,946	4-7	50,000,000	.....	1,998,710	4	.....	1,847,642
1900.....	3,646.67	67,081,000	2,941,960	4-7	50,000,000	.....	1,999,624	4	.....	2,068,264
1901.....	3,818.57	68,081,000	2,931,980	4-6	59,998,260	.....	1,999,624	4	.....	3,306,804
1902.....	3,974.23	66,601,000	3,180,852	4-6	74,817,100	.....	2,372,732	4	.....	6,741,998
1903.....	3,979.12	66,176,000	3,068,866	4-6	75,000,000	.....	4,080,766	4 1/2	.....	5,609,014
1904.....	6,700.74	124,270,000	5,083,230	4-7	75,000,000	.....	5,985,998	4	.....	284,616
1905.....	6,705.28	127,196,000	5,466,799	4-7	75,000,000	.....	4,985,255	4	.....	244,338
1906.....	6,726.25	131,105,000	6,446,799	4-7	75,000,000	.....	4,985,255	4	.....	145,228
1907.....	7,067.41	133,371,000	6,857,499	4-7	75,000,000	.....	4,985,255	4	.....	4,477,466
1908.....	7,401.73	139,835,541	7,594,746	4-7	75,000,000	.....	3,938,352	4	.....	1,862,061
1909.....	7,411.24	136,434,000	7,594,746	4-7	75,000,000	.....	3,938,352	4	.....	1,998,194
1910.....	7,398.71	202,351,000	8,062,012	4-7	74,877,200	.....	3,743,597	5 1/2	.....	1,021,010
1911.....	7,551.16	204,631,000	8,455,399	4-7	74,877,200	.....	3,743,597	5 1/2	.....	1,021,010
1912.....	7,546.08	226,126,000	9,055,729	4-7	74,877,200	.....	3,743,597	5	.....	1,021,010
1913.....	7,572.52	231,771,000	9,701,474	4-7	74,877,200	.....	3,743,597	5	.....	1,021,010
1914.....	7,852.46	247,940,000	9,934,169	4-7	74,877,200	.....	1,571,702	2 1/2	.....	1,415,543

* The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

- † Represents a deficit.
 ‡ 3 per cent on \$74,315,100 and 6 per cent on \$181,000.
 § 6 1/2 per cent on \$74,842,600 and 6 per cent on \$157,400.
 ¶ 6 1/2 per cent on \$74,847,000 and 6 per cent on \$152,400.
 ** 6 1/2 per cent on \$74,854,100 and 6 per cent on \$145,000.
 †† 6 1/2 per cent on \$74,800,000 and 6 per cent on \$160,000.
 ‡‡ Declared from surplus.

Statement compiled from returns contained in the annual reports of the Missouri Pacific Railway Company to the Interstate Commerce Commission for the years ended June 30, 1880 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.			Appropriations charged to income for account for property, sinking funds, etc.	Income balance transferred to credit of profit and loss.
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On com-mon.	On pre-ferred.		
1880 ¹	3,119.00	\$44,376,000	\$2,457,835	Per cent.	\$44,974,850			\$1,778,994	4		\$390,694
1881 ¹	3,176.82	51,376,000	2,773,143	4-8	47,432,850			1,872,532	4		197,110
1882 ¹	3,213.80	51,376,000	2,746,850	4-7	47,436,575			474,329	4		\$737,382
1883 ¹	3,213.80	54,012,000	2,781,767	4-7	47,436,575				1		142,447
1884 ¹	3,218.39	54,012,000	2,724,094	4-7	47,436,575						\$320,190
1885 ²	3,218.39	54,012,000	2,723,175	4-7	47,436,575						\$1,731,330
1886 ²	3,164.25	62,268,000	3,104,608	4-7	47,442,250						\$1,377,499
1887 ²	3,164.25	62,138,000	3,052,405	4-7	47,442,375						\$1,106,614
1888 ²	3,164.25	62,138,000	3,068,438	4-7	47,447,075						374,795
1889 ²	3,164.25	62,138,000	3,068,438	4-7	47,447,825						\$13,663
1900 ²	3,164.25	62,138,000	3,068,438	4-7	60,432,150						1,162,645
1901 ²	3,379.76	54,012,000	3,486,454	4-7	66,560,765						3,411,857
1902 ²	3,464.20	54,012,000	2,854,638	4-7	76,402,875			3,593,933	5	328,390	60,424
1903 ²	3,488.60	86,832,000	2,921,746	4-7	77,832,875			3,555,110	5	1,457,097	1,150,326
1904 ²	3,491.62	90,178,000	3,255,933	4-7	77,817,875			3,860,115	5	1,034,849	1,150,339
1905 ²	3,491.62	91,148,000	3,772,507	4-7	77,817,875			3,860,867	5		466,125
1906 ²	3,491.62	91,148,000	4,470,301	4-7	77,817,875			3,836,305	7½		1,066,481
1907 ²	3,491.68	94,830,350	4,470,301	4-7	77,817,875			3,860,875	5		3,129,871
1908 ²	3,491.68	102,281,812	4,191,554	4-6	79,753,985			1,935,210	2½		811,821
1909 ²	3,491.73	99,868,937	4,366,165	4-6	79,753,985						999,694
1910 ²	3,683.43	187,922,000	5,108,313	4-6	83,251,000						2,185,016
1911 ²	3,818.25	216,282,000	6,019,847	4-6	83,251,000						\$6,091,115
1912 ²	3,818.25	226,077,000	7,388,845	4-6	88,112,585						\$2,377,924
1913 ²	3,818.25	213,398,000	7,723,794	4-6	88,112,585						\$99,697
1914 ²	3,818.25	212,843,000	7,739,742	4-6	88,112,585						\$70,447

* Figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.

¹ Report of the Missouri Pacific Ry., Osage division, and branch lines.

² Represents a deficit.

³ Report of the Missouri Pacific Ry. and branch lines.

⁴ Report of the Missouri Pacific Ry. Co.

Statement compiled from returns contained in the annual reports of the St. Louis, Iron Mountain & Southern Railway Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.			Appropriations charged to income for account for property, sinking funds, etc.	Income balance transferred to credit of profit and loss.
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On common.	On pre-ferred.		
1890.	1,645.00	\$40,798,681	\$2,458,697	Per cent.	\$25,763,950			\$1,030,248	4		\$68,029
1891.	1,647.22	40,676,486	2,395,637	5-7	26,794,200			773,268	3		108,101
1892.	1,770.15	41,125,152	2,944,119	5-7	26,788,925						222,017
1893.	1,770.15	42,822,376	2,939,895	5-7	26,788,925						696,707
1894.	1,772.47	44,867,464	2,435,895	5-7	26,788,925			515,623	2		606,263
1895.	1,772.47	44,868,417	2,435,895	5-7	26,788,925						2,166,822
1896.	1,772.47	46,068,417	2,631,920	5-7	26,788,925						181,639
1897.	1,772.47	48,730,648	2,979,048	4-7	26,788,915						1,159,245
1898.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,411,699
1899.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,411,699
1900.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1901.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1902.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1903.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1904.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1905.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1906.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1907.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1908.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1909.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1910.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1911.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1912.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1913.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027
1914.	1,772.47	48,124,648	2,915,795	4-7	26,788,915						1,066,027

* The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities leased and held by the company.

† Represents a deficit.

‡ Includes \$159,766 charged to construction.

§ Includes \$87,066 charged to construction.

Statements compiled from returns contained in the annual reports of the St. Louis & San Francisco Railroad Company to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.			Dividends declared during year.				Appropriations charged to income for account for property, sinking funds, etc.	Income balances transferred to credit of profit and loss.
			Amount.	Rates.	Common.	First preferred.	Second preferred.	Amount.	Rate per cent.				
									On common.	On first preferred.	On second preferred.		
1890 ¹	1,329.47	\$31,593,500	\$1,769,903	5-7	\$11,869,300	\$4,500,000	\$10,000,000	\$190,000	.....	2	1	.....	\$233,615
1891 ¹	1,328.95	31,484,500	1,761,268	5-7	11,869,300	4,500,000	10,000,000	.....	.....	.....	.....	.....	\$190,824
1892 ¹	1,328.17	42,828,100	2,043,654	4-7	11,869,300	4,500,000	10,000,000	.....	.....	.....	.....	.....	\$385,615
1893 ¹	1,328.17	42,866,300	2,203,969	4-7	11,869,300	4,500,000	10,000,000	.....	.....	.....	.....	.....	\$385,615
1894 ¹	1,328.17	42,864,941	2,193,349	4-7	11,869,300	4,500,000	10,000,000	.....	.....	.....	.....	.....	\$449,216
1895 ¹	1,328.17	42,841,138	2,185,324	4-7	11,869,300	4,500,000	10,000,000	.....	.....	.....	.....	.....	\$449,216
1896 ¹	1,328.17	42,837,128	2,179,897	4-7	11,869,300	4,500,000	10,000,000	.....	.....	.....	.....	.....	\$449,216
1897 ¹	1,162.05	37,013,500	1,994,524	4-6	29,000,000	5,000,000	16,000,000	100,000	.....	2	.....	.....	\$130,668
1898 ¹	1,262.13	39,476,500	2,037,997	4-6	29,000,000	5,000,000	16,000,000	340,000	.....	.....	.....	.....	\$4,584
1899 ¹	1,343.39	41,795,350	2,150,517	4-6	29,000,000	5,000,000	16,000,000	300,000	.....	.....	.....	.....	.....
1900 ¹	1,451.28	46,014,228	2,176,335	3-6	29,000,000	5,000,000	16,000,000	520,000	.....	.....	.....	.....	.....
1901 ¹	1,707.71	46,471,128	2,291,903	3-6	29,000,000	5,000,000	16,000,000	600,000	.....	.....	.....	.....	.....
1902 ¹	2,865.08	60,465,028	2,574,328	4-6	29,000,000	5,000,000	16,000,000	805,281	.....	.....	.....	.....	.....
1903 ¹	3,869.29	79,333,065	2,893,567	4-6	29,000,000	5,000,000	16,000,000	859,743	.....	.....	.....	.....	.....
1904 ¹	4,064.93	92,378,892	3,636,720	4-6	29,000,000	5,000,000	16,000,000	889,743	.....	.....	.....	.....	.....
1905 ¹	4,753.94	114,159,911	4,897,551	4-6	29,000,000	5,000,000	16,000,000	889,743	.....	.....	.....	.....	.....
1906 ¹	4,648.75	118,638,765	4,934,667	4-6	29,000,000	5,000,000	16,000,000	169,743	.....	.....	.....	.....	.....
1907 ¹	4,743.67	123,619,870	5,176,438	4-6	29,000,000	5,000,000	16,000,000	169,743	.....	.....	.....	.....	.....
1908 ¹	4,726.64	229,471,360	7,048,695	3-6	29,000,000	5,000,000	16,000,000	169,722	.....	.....	.....	.....	.....
1909 ¹	4,796.64	234,437,665	7,638,160	3-6	29,000,000	5,000,000	16,000,000	169,722	.....	.....	.....	.....	.....
1910 ¹	4,796.39	269,363,246	11,149,857	3-7	83,026,000	23,210,000	.....	.....	.....	.....	.....	.....	.....
1911 ¹	4,731.88	266,210,366	11,063,599	4-7	54,636,000	36,000,000	.....	.....	.....	.....	.....	.....	.....
1912 ¹	4,741.18	264,006,424	11,104,174	4-6	54,636,000	36,000,000	.....	.....	.....	.....	.....	.....	.....
1913 ¹	4,741.18	267,379,129	11,332,767	4-6	54,636,000	37,284,100	.....	.....	.....	.....	.....	.....	.....
1914 ¹	4,746.32	268,500,243	10,227,053	4-6	54,636,000	37,284,100	.....	.....	.....	.....	.....	.....	.....

* Figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities leased and held by the company.

¹ Report of the St. Louis and San Francisco Ry. Co.

² Represents a deficit.

³ Figures for capital stock include stock of leased lines, and figures for funded debt apparently include obligations which are primarily liabilities of leased lines.

⁴ Classified as "Preferred."

⁵ Declared from surplus.

Statement compiled from returns contained in the annual reports of the Missouri, Kansas & Texas lines to the Interstate Commerce Commission for the years ended June 30, 1890 to 1914.*

Year ended June 30.	Miles of road operated June 30.	Funded debt outstanding on June 30.	Interest accrued on funded debt.		Capital stock outstanding on June 30.		Dividends declared during year.			Appropriations charged to income to account for property, sinking funds, etc.	Income balance transferred to credit for profit and loss.
			Amount.	Rates.	Common.	Preferred.	Amount.	Rate per cent.			
								On com-mon.	On pre-ferred.		
1890 1	1,774.46	.....	\$ 796,280	Per cent.	.....	.....	.....	.....	.....	.....	\$1,038,655
1891 1	1,670.36	\$23,540,000	2,159,827	4-8	\$46,770,000	\$13,000,000	.....	.....	.....	.....	1,903,602
1892 1	1,670.37	64,975,000	2,183,183	4-7	46,770,000	13,000,000	.....	.....	.....	.....	796,514
1893 1	1,783.44	64,975,000	2,274,360	4-7	49,987,500	13,000,000	.....	.....	.....	.....	238,047
1894 1	2,017.01	66,355,000	2,277,943	4-7	50,012,500	13,000,000	.....	.....	.....	.....	9,522
1895 1	2,060.79	70,523,000	2,677,710	4-7	55,462,500	13,000,000	.....	.....	.....	.....	224,740
1896 1	2,197.21	70,523,000	2,961,760	4-7	55,462,500	13,000,000	.....	.....	.....	.....	16,393
1897 1	2,197.21	70,523,000	2,961,760	4-7	55,462,500	13,000,000	.....	.....	.....	.....	16,393
1898 1	2,197.21	70,745,000	2,963,593	4-7	55,462,500	13,000,000	.....	.....	.....	.....	474,757
1899 1	2,208.21	73,523,000	3,082,093	4-7	58,183,500	13,000,000	.....	.....	.....	.....	548,693
1900 1	2,222.21	76,294,000	3,118,015	4-7	58,749,200	13,000,000	.....	.....	.....	.....	450,867
1901 1	2,479.57	79,636,000	3,226,844	4-7	59,589,200	13,000,000	.....	.....	.....	.....	796,916
1902 1	2,564.88	79,269,000	3,291,368	4-7	59,794,200	13,000,000	.....	.....	.....	.....	908,940
1903 1	2,713.28	88,405,000	3,316,172	4-8	67,223,200	13,000,000	.....	.....	.....	.....	1,094,916
1904 1	3,042.67	90,580,000	3,864,718	4-8	67,223,200	13,000,000	.....	.....	.....	.....	1,060,868
1905 1	3,042.67	104,234,000	4,041,043	4-8	67,223,200	13,000,000	.....	.....	.....	.....	1,267,191
1906 1	3,072.21	108,226,000	4,834,839	4-8	67,223,200	13,000,000	.....	.....	.....	.....	1,398,067
1907 1	3,072.21	112,219,928	4,686,143	4-8	67,223,200	13,000,000	.....	.....	.....	.....	3,123,311
1908 1	3,072.21	112,219,928	4,686,143	4-8	67,223,200	13,000,000	.....	.....	.....	.....	268,880
1909 1	3,072.21	114,249,000	4,770,594	4-8	67,223,200	13,000,000	.....	.....	.....	.....	268,880
1910 1	3,072.21	118,628,846	4,539,393	4-8	68,301,200	13,000,000	.....	.....	.....	.....	521,463
1911 1	3,072.21	126,682,346	4,134,265	4-8	68,301,200	13,000,000	.....	.....	.....	.....	1,535,506
1912 1	1,744.77	126,682,346	5,906,150	4-8	68,301,200	13,015,000	.....	.....	.....	.....	1,535,506
1913 1	3,816.77	107,788,991	6,216,203	4-8	63,310,700	13,015,000	1,664,886
1914 1	3,866.07	171,613,500	6,216,203	4-8	63,311,000	13,015,000	1,792,983
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- The figures are shown to the nearest whole dollar. The amounts shown for funded debt and capital stock outstanding may include securities issued and held by the company.
- 1. Figures represent returns contained in the report of receivers of Missouri, Kansas & Texas Ry., which does not show "Capital" accounts.
 - 2. Represents interest paid by receivers and charged to income account.
 - 3. Figures represent returns of the Missouri, Kansas & Texas Ry. Co.
 - 4. Figures include stock of Boonville R. R. Bridge Co., Dallas & Waco Ry. Co., and Sherman, Denison & Dallas Ry. Co.
 - 5. Represents a deficit.
 - 6. Figures include stock of Missouri, Kansas & Texas Ry. Co. of Texas and Boonville R. R. Bridge Co.
 - 7. Figures include stock of Missouri, Kansas & Texas Ry. Co. of Texas.
 - 8. Includes \$320,000 declared from surplus.
 - 9. From report of Missouri, Kansas & Texas lines, which embraces 11 companies in addition to Missouri, Kansas & Texas Ry. Co. The entire capitalization of these companies is not shown in this report as outstanding. The figures apparently exclude the part of capitalization held by the so-called Lines.
 - 10. Represents 4 per cent on Missouri, Kansas & Texas Ry. Co. preferred stock, \$876 on Texas Central R. R. Co. preferred stock, \$138 on Texas Central R. R. Co. common stock, and \$42 on Wichita Falls & Northwestern Ry. Co. common stock, declared from surplus.
 - 11. From the report of Missouri, Kansas & Texas lines, which embraces 12 companies in addition to Missouri, Kansas & Texas Ry. Co. The entire capitalization of these companies is not shown in this report as outstanding. The figures apparently exclude the part of capitalization held by the so-called Lines.
 - 12. Represents 2 per cent on Missouri, Kansas & Texas Ry. Co. preferred stock, \$1,250.01 on Texas Central R. R. Co. preferred stock, \$157.50 on Texas Central R. R. Co. common stock, \$7 on Wichita Falls & Northwestern Ry. Co. of Texas common stock, \$7 on Wichita Falls & Wellington Ry. of Texas common stock, and \$7 on Wichita Falls Ry. Co. common stock, declared from surplus.

carriers be reasonably expected to follow in the selection of commodities to bear increased transportation charges?

We have been confronted on several occasions with the question of setting rates upon a particular description of traffic when the same rates if carried by all the roads would result in essentially different earnings to the different carriers. In *City of Spokane v. Northern Pacific Ry. Co.*, 15 I. C. C., 376, 393-394, we said:

There is a wide difference between a water system which supplies a single community and a railroad which is part of a commercial and industrial whole supplying many communities. The city of Spokane could not develop if served by the Great Northern Railway alone; nor can we look wholly to the interest of Spokane. The whole territory served by these defendant lines must be considered and the existence of all these railroads to that territory is absolutely essential. These railroads can not exist unless rates are established which will yield a fair return upon their property. We must, therefore, in fixing these rates, have regard not altogether to any one particular railroad, but to the whole situation, and must consider the effect of whatever we make upon all these defendants. Such was the opinion formerly expressed by this Commission in *In re Proposed Advances in Freight Rates*, 9 I. C. C., 382, and to that opinion we adhere.

In *Kindel v. N. Y., N. H. & H. R. R. Co.*, 15 I. C. C., 555, 561, this was reiterated:

In the Spokane case, 15 I. C. C., 376, we held that the reasonableness of rates between two points served by two or more carriers could not be determined by consideration alone of that line which is shortest and most favorably situated as to terminals, terminals, etc., but that the entire situation must be considered.

And again in the same case, at page 563:

To actually suggested, we can not in determining a competitive rate select the line which is the shortest or the most advantageously situated and limit the rate to that which would allow that property fair earnings. We must consider this entire situation and determine a reasonable rate, not merely with reference to the Union Pacific, but with reference to all lines serving these Colorado common points via reasonably direct routes.

In *Advances in Rates—Eastern case*, 20 I. C. C., 243, 274, we said:

In 19 I. C. C., 382, this Commission considered the justice of certain advances in rates between Chicago and the Atlantic seaboard, and it there held that whatever rates might reasonably be imposed upon these three systems must be held to be a reasonable charge for that service by all lines. We held to the same view in this case. We do not mean that other lines should not be considered, but that consideration may be taken as typical. Under rates reasonable for these three systems there may be lines whose earnings will be extravagant, but that is their good fortune. There may be lines which can not make sufficient earnings, but that is their misfortune. We ought not to impose upon this territory, for the purpose of allowing these defendants additional revenues, higher rates than are adequate to all these systems considered as a whole.

From the foregoing figures have been compiled those contained in the following statement which is designed to show in concise form the average conditions affecting the common stocks of the companies named. For comparative purposes the annual averages for the 10-year period at the beginning of the 25-year period and those for the 10-year period at the end are given, also the like figures for the year ended June 30, 1914. The comparisons are made with respect to the common stocks in those cases where there are two or more classes of stocks outstanding; where, as in the case of the St. Louis and San Francisco, the dividends on the preferred stocks have been passed in recent years, the ratios given hereunder are slightly more favorable than they would have been had all of the stocks been pooled; and where, as in the case of the Southern Pacific, a preferred stock whose dividend rate, or, as in the case of the Union Pacific, a bond whose interest rate multiplied by the ratio of conversion, was less than the rate earned on the common stock, the ratios given are slightly less favorable than they would have been had the old arrangement continued; but in no case would there have been material changes in the conclusions deducible from the figures.

Name of company.	Rates of dividends paid on common stock.			Income appropriated for sinking funds, additions to property, &c., and amount transferred to profit & loss expressed as % on common stock.			Sums of two foregoing items.		
	Average for 10 years 1890-1899.	Average for 10 years 1905-1914.	Year 1914.	Average for 10 years 1890-1899.	Average for 10 years 1905-1914.	Year 1914.	Average for 10 years 1890-1899.	Average for 10 years 1905-1914.	Year 1914.
	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>
Great Northern.....	4.60	7.00	7.00	4.825	2.604	1.80	9.425	9.604	8.80
Northern Pacific.....	0.30	7.00	7.00	-0.539	3.170	1.02	-0.639	10.170	8.02
Chicago & Northwestern.....	5.40	7.00	7.00	3.451	4.718	1.06	8.861	11.718	8.06
Chicago, M&W. & St. P.....	2.85	6.50	5.00	2.708	3.243	1.31	5.558	9.743	6.31
Chicago, Burl. & Quin.....	4.65	8.30	8.00	0.500	5.373	8.04	5.160	13.673	16.04
Union Pacific.....	0.00	9.15	9.00	1.571	7.048	4.35	1.571	16.198	13.35
Atchafson, Top. & S. Pa.....	0.00	5.40	6.00	1.207	2.596	1.41	1.207	7.996	7.41
Southern Pacific.....	0.00	4.975	6.00	0.740	3.576	8.81	0.740	8.551	14.81
St. L., Rock Is. & Pac.....	3.30	5.125	2.50	0.758	1.476	-1.17	4.058	6.601	1.33
Missouri Pacific.....	0.90	2.00	0.00	-0.877	0.003	-1.18	0.023	2.003	-1.18
St. L., Iron M. & Sou.....	0.90	6.10	4.00	-0.097	1.281	2.37	0.808	7.381	6.37
St. L. & San Francisco.....	0.00	0.00	0.00	0.209	2.127	-4.21	0.209	2.127	-4.21
Mo., Kans. & Texas.....	0.00	0.00	0.00	0.090	2.036	0.44	0.090	2.036	0.44
Utah Pacific.....	0.00	0.00	6.00	1.173	3.168	3.33	1.173	3.168	3.33

Several questions common to all increases proposed have been presented. Should the carriers be treated *en masse*, or should a differentiation be made between the more and the less necessitous roads? Is the entire territory involved essentially one-rate territory, so that restriction of increases to a particular section or sections is impracticable? What rule of precedence, if any, may the

carriers be reasonably expected to follow in the selection of commodities to bear increased transportation charges?

We have been confronted on several occasions with the question of setting rates upon a particular description of traffic where the same rates if carried by all the roads would result in essentially different earnings to the different carriers. In *City of Spokane v. Northern Pacific Ry. Co.*, 15 I. C. C., 376, 393-394, we said:

There is a wide difference between a water system which supplies a single community and a railroad which is part of a commercial and industrial whole supplying many communities. The city of Spokane could not develop if served by the Great Northern Railway alone; nor can we look wholly to the interest of Spokane. The whole territory served by these defendant lines must be considered and the existence of all these railroads to that territory is absolutely essential. These railroads can not exist unless rates are established which will yield a fair return upon their property. We must, therefore, in fixing these rates, have regard not altogether to any one particular railroad, but to the whole situation, and must consider the effect of whatever order we make upon all these defendants. Such was the opinion formerly expressed by this Commission in *In re Proposed Advances in Freight Rates*, 9 I. C. C., 382, and to that opinion we adhere.

In *Kindel v. N. Y., N. H. & H. R. R. Co.*, 15 I. C. C., 555, 561, this was reiterated:

In the *Spokane case*, 15 I. C. C., 376, we held that the reasonableness of a rate between two points served by two or more carriers could not be determined by consideration alone of that line which is shortest and most favorably situated as to operations, earnings, etc., but that the entire situation must be considered.

And again in the same case, at page 563:

As already suggested, we can not in determining a competitive rate select that railroad which is the shortest or the most advantageously situated and limit the rate to what would allow that property fair earnings. We must consider this entire situation and determine a reasonable rate, not merely with reference to the Union Pacific, but with reference to all lines serving these Colorado common points via reasonably direct lines.

In *Advances in Rates—Eastern case*, 20 I. C. C., 243, 274, we said:

In 9 I. C. C., 382, this Commission considered the justice of certain advances in grain rates between Chicago and the Atlantic seaboard, and it there held that whatever rate might reasonably be imposed upon these three systems must be held to be a reasonable charge for that service by all lines. We hold to the same view in this investigation. We do not mean that other lines should not be considered, but that these systems may be taken as typical. Under rates reasonable for these three systems there may be lines whose earnings will be extravagant, but that is their good fortune. There may be lines which can not make sufficient earnings, but that is their misfortune. We ought not to impose upon this territory, for the purpose of allowing these defendants additional revenues, higher rates than are adequate to these three systems considered as a whole.

In *Newport Mining Co. v. C. & N. W. Ry. Co.*, 33 I. C. C., 645, 656, we said:

The rate here under consideration is a blanket rate applicable via the lines of several carriers of different financial condition. While the position of the North Western appears to be favorable, and while it appears from the record that its revenues meet all its operating needs and more, yet the situation with respect to the St. Paul is far less satisfactory, as is also that of the Soo and the South Shore. The reasonableness of a rate in a locality served by several carriers will not be determined alone by consideration of that line most favorably situated with respect to operations, traffic, and earnings, and conversely this is equally true, namely, that consideration of the line of poorest traffic, earnings, etc., will not control.

The situation presented on the record in the present case is but a complex amplification of the simpler sets of circumstances covered by the citations just given. If the more prosperous roads alone proposed these increases, they could not urge a similar inadequacy of revenues here claimed for the roads as a whole. On the other hand, if only the more necessitous of the carriers in this proceeding were proposing these increases their plea would come with greater force than it does when coupled with that of their more fortunate rivals.

There is no particular necessity for an extended discussion of the homogeneity of this territory in so far as rates are concerned. The same general freight classification prevails throughout its entire extent. Certain single systems, such as the Rock Island and the Santa Fe, each tie together almost its remotest confines. The protestants' witness, U. G. Powell, insisted that as to grain, live stock, and packing-house products a separate treatment of the northwestern and southwestern parts of the entire region is practically impossible. There was no serious attempt to show that from a rate standpoint differentiation was possible or desirable.

The claim is made, however, that if a deficiency in net revenue existed it would be incumbent on the carriers to select first for increases those commodities upon which the relative profit is least; and that, failing to establish that the margin of return on the commodities chosen is less than the average, the carriers have failed to substantiate their claim for the specific increases proposed. By exhibits purporting to represent specific costs the protestants endeavored to demonstrate that the operating ratios on certain commodities are less than on the traffic as a whole, and that therefore increases should not be accorded on these commodities.

The problem of estimating the cost of transporting specific commodities is at best in a developmental stage. Progress has been made in this field, however, and the effort to attain to a more thoroughly tested and a more comprehensive method of such specific cost accounting deserves every encouragement. Rate making in the past has not been prosecuted parallel with comparative cost studies.

The competition of markets, of producers, and of rival carriers, especially by water, has resulted in a freight rate system which can not be assumed to be so adjusted that the rates effective result in earnings proportioned nicely to the respective costs involved. Where bare expenses are covered by the rate and an increase would kill the traffic, commercial necessities may make the rate the best paying rate on that commodity which the carrier can obtain. The margin of profit on a particular kind of traffic may be relatively small, and at the same time practical commercial exigencies may prevent the carrier from proposing increases on the traffic in question. Another variety of traffic may be yielding a relatively high return and yet afford a practical opportunity, without raising the rate thereon to an unreasonable or extortionate level, of obtaining needed additional revenue.

There is, moreover, another aspect of a general rate increase proposed by various carriers. Toward such a proposition the Commission stands under the statute as a tribunal to judge in the light of all the circumstances of the reasonableness, the propriety, and the nondiscriminatory character of the increased rates proposed. Under a statute which accords to a carrier the right to initiate rates, it does not fall to the Commission to dictate the order in which carriers shall select commodities for bearing specific increases. It is, of course, one of many circumstances to consider whether the line of increases proposed impinges on the margin of traffic already fairly assessed in the matter of freight charges; and it is equally within the competence of the Commission to reject glaring inconsistencies in a proposed scheme of rate increases which without good reason avoids obtaining additional needed revenue where such additional revenue could be secured with the minimum of hardship to the rate payers. But qualified in the sense defined, the carriers' reasonable latitude of selecting schedules for increases is not to be narrowly confined by a rigorous demand for credentials that the specific profits on the traffic chosen must be at the very minimum end of the earning scale.

In this proceeding there were presented various statistical studies which attempt to show the specific cost of transporting certain commodities. In the body of the report we have occasion to consider their accuracy and the extent to which they are persuasive. F. H. Millard, of the staff of the Railroad Commission of Wisconsin, at our request presented studies of rates upon the commodities here involved. These studies differed from the other cost studies in two particulars. They set up theoretical rates designed to afford returns of stated percentages on the values of two typical carriers, the North Western and the Rock Island. The value of the North Western per mile was taken at the carriers' book cost of road and equipment, of

\$44,483 per mile, which is less than the valuation put by the Wisconsin Tax Commission upon the road in that state. The figure for the Rock Island was arbitrarily taken at \$40,000 per mile.

In the second place, these theoretical rates were based upon the arbitrary assumption that each commodity transported should afford a return above cost, in no case less than would yield an annual profit of 4 per cent and in no case of over 25 per cent. It must be understood that these returns upon the dollar of investment are the outcome of the totality of transportation transactions affecting each given commodity during the year and not the outcome of every single transportation of the particular commodity. The percentage of return which the several commodities were calculated to produce was based upon their respective values. The rule tentatively applied was that a given commodity was expected to pay a return above cost of 4 per cent, the percentage of return rising progressively with the increased value per ton.

This inclusion of the value of the commodity as a determinant of the appropriate rate was intended to incorporate into the theoretical rates here calculated a reflex of the value of the service to the shipper as contrasted with the cost of the service to the carrier.

The details of the method followed by Millard will be found in the appendix, pages 649-654. The necessarily hypothetical basis of constructing rates built in this fashion precludes us from employing it to approve or condemn the rates before us in this proceeding. Avowedly the method takes no consideration of special services or of special expenses, except loss and damage claims, nor of concrete commercial necessities, nor of controlling competitive conditions surrounding traffic. At the same time as throwing light upon the appropriate relationship of rates it is suggestive and serviceable, and for this reason we print hereunder several tables which indicate the relations existing between the present actual rates on the one hand as over against the rates theoretically required upon the hypothesis of the witness to afford the requisite returns upon the assumed value of the property of the two carriers.

TABLE NO. 25.—*Showing the present actual revenues and the estimated revenues required.*

North Western:

Grain—

Actual	\$7, 699, 112. 84
Theoretical	6, 300, 000. 00

Grain products—

Actual	1, 374, 410. 23
Theoretical	2, 220, 000. 00

Grain and grain products combined—

Actual	9, 073, 523. 07
Theoretical	8, 517, 000. 00

North Western—Continued.

Hay—		
Actual.....		\$785, 078. 87
Theoretical.....		750, 000. 00
Fruits and vegetables—		
Actual.....		1, 781, 122. 74
Theoretical.....		2, 040, 000. 00
Live stock—		
Actual.....		4, 168, 648. 00
Theoretical.....		4, 800, 000. 00
Packing-house products—		
Actual.....		749, 265. 65
Theoretical.....		1, 220, 000. 00
Coal—		
Actual.....		4, 266, 226. 38
Theoretical.....		4, 958, 000. 00
Coke—		
Actual.....		232, 732. 56
Theoretical.....		285, 000. 00

Rock Island:

Grain—		
Actual.....		5, 822, 559. 26
Theoretical.....		6, 070, 000. 00
Grain products—		
Actual.....		2, 130, 212. 04
Theoretical.....		3, 148, 000. 00
Grain and grain products combined—		
Actual.....		7, 952, 771. 30
Theoretical.....		9, 218, 000. 00
Hay—		
Actual.....		360, 432. 07
Theoretical.....		400, 000. 00
Fruits and vegetables—		
Actual.....		2, 381, 153. 89
Theoretical.....		3, 574, 000. 00
Live stock—		
Actual.....		3, 081, 009. 18
Theoretical.....		4, 288, 000. 00
Packing-house products—		
Actual.....		1, 446, 015. 16
Theoretical.....		2, 566, 000. 00
Coal—		
Actual.....		3, 363, 593. 67
Theoretical.....		4, 014, 000. 00
Coke—		
Actual.....		92, 758. 17
Theoretical.....		129, 000. 00

Tables Nos. 26 and 27 subjoined show the actual and the theoretical net ton-mile earnings from the commodities listed; and the table next following shows the percentage of revenue on the theoretical rate for the average haul to the respective values per ton of the commodities transported.

TABLE NO. 26.—*Comparison of actual and theoretical net ton-mile earnings from various commodities, 1914.*

CHICAGO & NORTH WESTERN RAILWAY.

Commodity.	Average haul.	Actual earnings per net ton-mile.	Millard's theoretical rate.			
			Per cent of return.	Per net ton-mile.	Per cent of return.	Per net ton-mile.
	Miles.	Mills.		Mills.		Mills.
Grain.....	216	7.5	7	6.1	7	6.1
Grain products (flour and other mill products).....	264	4.5	8	7.3	7	6.9
Hay.....	202	9.8	6	9.4	7	9.7
Fruits and vegetables.....	246	3.1	7	9.3	7	9.3
Live stock.....	242	13.1	19	15.1	7	11.6
Packing-house products.....	307	9.7	25	15.9	7	10.8
Bituminous coal.....	161	5.2	4.5	6.1	7	6.9
Coke.....	148	5.8	4.5	7.1	7	7.9

TABLE NO. 27.—*Comparison of actual and theoretical net ton-mile earnings from various commodities, 1914.*

ROCK ISLAND LINES.

Commodity.	Average haul.	Actual earnings per net ton-mile.	Millard's theoretical rate.			
			Per cent of return.	Per net ton-mile.	Per cent of return.	Per net ton-mile.
	Miles.	Mills.		Mills.		Mills.
Grain.....	290	6.5	7	6.8	7	6.8
Grain products (flour and other mill products).....	316	5.6	8	8.3	7	7.9
Hay.....	194	9.4	6	10	7	11
Fruits and vegetables.....	274	7.6	7	9.4	7	9.4
Live stock.....	216	13.9	19	19.2	7	14.6
Packing-house products.....	461	9.7	25	17.1	7	11
Bituminous coal.....	141	5.9	4.5	7.1	7	8.2
Coke.....	262	5	4.5	7	7	8

CHICAGO AND NORTH WESTERN RAILWAY, 1914.

Commodity.	Value per ton.	Average haul (miles).	Percentage relation of revenue per ton for average haul to value of commodity per ton.
Packing-house products.....	\$212.00	307	2.25
Live stock.....	146.00	242	2.50
Grain products.....	38.10	264	4.96
Fruits and vegetables.....	28.00	246	7.53
Grain and grain products.....	37.15	225	6.15
Hay.....	25.00	216	5.45
Hay.....	17.00	202	11.00
Coke.....	4.40	148	22.7
Bituminous coal.....	3.20	161	25.0

Up to this point we have discussed evidence of a general character, chiefly financial. As the views of individual Commissioners might vary with respect to particular features and different degrees of importance to be attached to the same fact, our comments have been primarily narrative; they have been interpretative only incidentally.

and within the range of financial facts of record. No attempt has been made on the record nor in our discussion of it to review the entire financial history of these carriers, nor to bring into relief other facts which have an important bearing upon their present financial condition. In other words, this preliminary discussion leaves uninterpreted many consequential facts. However, in our view a wider examination in this respect is not necessary for a proper disposition of the issues involved regarding proposed increased rates. We proceed to the consideration of the particular tariff schedules in which it is proposed to increase the rates.

GRAIN AND GRAIN PRODUCTS.

By the tariffs on grain and grain products suspended in this proceeding the respondents proposed increases over current rates of equal amount on grain and the products thereof. The increases suggested are generally 1 cent per 100 pounds, and apply as local and proportional rates from most of the region comprised within southwestern tariff committee and western trunk line territories, the latter including trans-Missouri freight bureau territory, to markets therein and to the Mississippi River and Chicago, and from defined parts of the general region as indicated in *Chicago-Duluth Grain Rates*, 27 I. C. C., 216, to Lake Michigan and Lake Superior ports. No increase is proposed in the rates from Minnesota, South Dakota, and northern Iowa to Duluth, Minneapolis, or Milwaukee. Increases are also proposed in export rates, and in the carload minimum on grain products from 30,000 to 40,000 pounds. From points in defined territory in northern Iowa, southwestern Minnesota, and southeastern South Dakota to southwestern Missouri River points the increases proposed are from 2 to 4 cents per 100 pounds, this excess over the general basis being intended to remove existing disparities in such rates as against rates from the same points to Chicago. The Minneapolis & St. Louis Railroad proposes tariffs establishing through rates to these southwestern Missouri River points in lieu of the existing combinations of locals, the result of which would be reductions ranging up to 4 cents per 100 pounds.

Rates on the commodities here affected, stated hereafter in cents per 100 pounds, have in the past shown wide variations. Rate wars explain some of the variations, and the fact is that prior to 1906 the published rates were not always adhered to. The fluctuations in the rate from Omaha to Chicago via the Chicago & North Western Railway, hereafter called the North Western, are fairly representative of the rate history in the general western territory. That rate between the years 1902 and 1905 ranged from 11 to 21 cents; during 1905 the rate was at different times 15, 16, and 17 cents. A proportional rate of 15.75 cents became effective July 5, 1906, and has been in effect

ever since. Allowing for the relative duration of these different rates, it appears that the average rate between these points since 1902 has been 16.6 cents, while the proposed rate is 16.75 cents. To Texas group points the present proportional and local rates from Kansas City, except on corn products, on which the present rates are 2 cents lower than formerly, are practically the same as the rates made effective in April, 1905, and in force since. A lesser allowance for grain elevation is made now than in the past, but the record on the whole justifies the conclusion that throughout the territory affected rates have remained fairly constant since 1906 and that the proposed rates are higher than rates generally effective since that date. The market price of grain varies, of course, almost daily, and the price of the products as measured by yearly periods may be assumed to vary somewhat in accordance with the prices of the grain. The respondents present a table of varying average prices on the Chicago Board of Trade, as follows:

	1900 to 1906 (per bushel).	1907 to 1913 (per bushel).	Increase (per bushel).	
			Amount.	Per cent.
Average price of wheat.....	<i>Cents.</i> 82.9	\$1.0325	<i>Cents.</i> 20.35	24.54
Average price of corn.....	48.77	.6232	13.55	27.8

How this variation may be affected by the choice of different periods appears from a table of average prices taken from the same source, as follows:

	1907 to 1910	1911 to 1914	1870 to 1879	1880 to 1889	1890 to 1899	1900 to 1909	1910 to 1913
Average price of wheat.....	<i>Cents.</i> 105.95	<i>Cents.</i> 100.25	<i>Cents.</i> 112.52	<i>Cents.</i> 99.65	<i>Cents.</i> 81.92	<i>Cents.</i> 90.47	<i>Cents.</i> 102.87
Average price of corn.....	61.50	65.01	48.95	50.72	40.82	53.41	61.28

Each of these tables shows that value as represented by sales has increased since 1900.

In western trunk line territory grain and the products thereof take generally the same rates, though there are a few points from which through rates on the product are published where there are no through rates on grain. Except in the northwest, where comparatively little coarse grain is raised, coarse grains usually take lower rates than wheat. To Texas and the southwest generally rates on the products are higher than on the grain, and corn and corn products take lower rates than wheat and wheat products. From Oklahoma to Memphis, however, grain and its products take the same rates. *Wheat Rates from Oklahoma*, 30 I. C. C., 93. On the movement from Kansas to 35 I. C. C.

California, and generally in central freight association and south-eastern territories, the rates on flour exceed those on grain. In some instances the rates on flour and other grain products vary from each other.

Throughout the general territory affected transit is allowed. This includes the right to stop grain for cleaning, inspection, sorting, and milling, the local rate on the grain being paid to the transit or milling point. When the grain or product moves out to destination there is paid what is called the balance of the through rate. Where there is a different rate on the grain and its product, the rate on the higher rated commodity determines the amount of the through rate. This milling-in-transit service was defined in a territory where the product rate was higher than the grain rate as follows:

* * * The wheat can be transported to the mill, ground, and sent on as flour to its destination, at a total rate equivalent to the through rate on flour from the point of origin to destination, plus the payment of some additional sum either by the car or by the hundred pounds for the privilege of milling the grain in transit. *Hecker-Jones-Jewell Milling Co. v. B. & O. R. R. Co.*, 14 I. C. C., 356-357.

In the western territory, where rates on grain and the products thereof are the same, we defined transit as follows:

Various details are applied in different sections or by different carriers, but the substantial effect is to permit the grain to be shipped to and the product from the milling point under a total charge which equals the through charge on grain from the point of origin of the grain to destination of the product. In some instances a slight additional charge is made for the transit privilege. *Commercial Club of Superior, Wis., v. G. N. Ry. Co.*, 24 I. C. C., 96, 119.

The respondents have presented their case in support of these increases upon the theory that justification exists equally throughout the whole territory and that equal increases on all kinds of grain and the products thereof are warranted. While they offered testimony relating to different sections, the question whether there is a greater reason for increased rates in one region than in another or on grain than on the product they have not discussed. Markets such as Omaha receiving inbound grain from intrastate points would pay no increase thereon, and on the outbound interstate movement would be subjected to an increase of 1 cent only. Certain competing markets, however, such as Kansas City, shipping grain in from Omaha, for instance, would pay thereon an increase of 1 cent, and on the outbound interstate movement an additional cent. Apart from changes resulting from this or similar situations no change is proposed either in territorial or commodity relationship. We shall therefore discuss and dispose of the question as presented.

Respondents show that certain special services are involved in this traffic. These are the selection of suitable cars, including cooping expense; the concentration of the movement into a part of the

year; the expense incident to the large percentage of the grain originating on branch lines; and the transit costs and maintenance of elevators. The transit service is sometimes paid for, and whether or not the present charges therefor are reasonable is not here involved. It applies on part of the traffic only, 17 per cent of the movement on the North Western, for example, undergoing transit in 1914, although for a division of the Santa Fe this percentage in the same year was 71. The lining and coopering of cars includes supplying special barriers called grain doors, in order that grain shall not leak out. The average cost of these grain doors was estimated by a witness for the respondents at from \$2 to \$2.50 per car. At the small elevators the shipper does the work, the carriers furnishing the material. Some switching may be incident to this preparation of cars for the grain movement; but if so, no appreciable amount was shown of record. The loss and damage payments shown by the North Western were, for 1913, 74.6 cents per car and, for 1914, 77.1 cents, against 21.7 and 26.2 cents per car on all carload traffic. In 1914 the percentage of the loss and damage paid by the North Western to the total revenue from all the grain traffic was 2.2 and it appears that the losses have not decreased since the installation of newer, heavier, and better equipment. The percentage of loss and damage to total revenue on this traffic, as cited by a witness for the protestants, was 2.014.

While grain moves throughout the year, the movement is heaviest from September to March. Referring to this subject in *Investigation of Advances in Rates on Grain*, 21 I. C. C., 22, 31, we said:

Conditions in respect to grain movement have changed in the last 15 years. At the present time, with an increase in prosperity, it was testified that with elevator facilities at his command the farmer can store his grain and await a satisfactory market. The movement of grain continues throughout the winter; years ago the entire tonnage was moved during a short period in the fall.

It was shown that as to the North Western for 1914, 80 per cent of the grain originated on branch lines, but for a commodity that does not require expedited service it would not seem that this fact materially increases the cost of the movement. It is true, however, that a branch line crossing a competitive road at right angles to the course of traffic must meet the rate of the intersected road and must usually maintain the same rate at points intermediate to the junction point with its own line. In so far as this necessity has reduced rates, the result is reflected in present revenues whose amount will shortly be considered. Except for loss and damage payments and the expense of cooperage no definite measure of the special costs involved was presented, and in view of the circumstances to be recited which tend to reduce the cost of handling grain, it would not appear that the total of these special costs is excessively burdensome.

Grain is one of the heaviest loading commodities. The annual report of the Atchison, Topeka & Santa Fe Railway for 1914 shows the car lading in tons as follows: Wheat, 33.48; corn, 30.20; oats, 21.95; barley, 21.55; flour, 17.31; and other mill products, 17.95, while the average for all carload tonnage was 24.7. Comparisons of the loading and earnings for the Missouri, Kansas & Texas Railway for the year 1914 are set forth in the table below.

Commodity.	Average load per car.	Revenue per net ton-mile.	Revenue per loaded gross ton-mile. ¹	Ratio of empty to loaded mileage. ²	Revenue per gross ton-mile loaded and empty.	Average distance hauled.
	Tons.	Cents.	Cents.	Per cent.	Cents.	Miles.
Grain.....	26.47	0.393	0.526	27	0.474	211.4
Rice.....	21.20	.447	.242	27	.215	851.5
Flour.....	15.88	.676	.304	27	.377	154.9
Other mill products.....	15.84	.598	.279	27	.244	133.2
All carload freight.....	22.96	.527	.493	53.44	.394	202.8

¹ On basis of 18 tons tare per car.

² Used to determine empty ton-miles.

The figures for 1914 for the Chicago, Rock Island & Pacific Railway are:

Commodity.	Average load per car.	Revenue per net ton-mile.	Revenue per loaded gross ton-mile. ¹	Ratio of empty to loaded mileage. ²	Revenue per gross ton-mile loaded and empty.	Average distance hauled.
	Tons.	Cents.	Cents.	Per cent.	Cents.	Miles.
Grain.....	33.19	0.650	0.421	27	0.384	376.87
Flour.....	19.21	.520	.269	27	.228	376.04
Other mill products.....	19.70	.649	.330	27	.301	282.87
All carload freight.....	24.21	.745	.407	40.98	.343	241.08

¹ On basis of 18 tons tare per car.

² Used to determine empty ton-miles.

The chairman of the western trunk line committee showed the average lading for hauls of 219 miles, covering the Santa Fe, the Burlington, the North Western, the Milwaukee, and the Rock Island to be as follows:

Commodity.	Average load.	Revenue per loaded gross ton-mile.	Revenue per car-mile.
	Tons.	Mills.	Cents.
Wheat.....	36.00	8.5	48.0
Corn.....	33.33	()	()
Barley.....	28.76	()	()
Oats.....	28.01	()	()
Rye.....	32.73	()	()
Flour.....	19.76	6.6	25.2
Other mill products.....	19.23	5.6	21.0
Beans.....	20.46	8.7	32.6
Iron (structural).....	28.12	7.8	30.0
Paper (building).....	20.47	4.9	18.7
Miscellaneous manufactures.....	19.26	8.5	31.7
Oil (refined).....	25.46	9.6	41.8

¹ Not shown.

These figures are representative of the general situation and show that the average loading of grain is from 25 to 40 per cent in excess of the average loading of all carload traffic. They also show that the gross ton-mile revenue from grain, whether calculated without the empty haul or with the empty haul, affords an excess of revenue in favor of grain over the revenue from the average of all carload traffic. The excess ranges from 15 to 20 per cent.

Gross ton-mile revenues reflect both the load and the relation of the load to the weight of equipment used, and when these are qualified with reference to the empty haul incident to a particular variety of traffic we have a number of factors which make such comparisons more instructive than those based alone on the revenue per net ton-mile.

The respondents present comparisons of certain of the proposed rates from Iowa, Kansas, and Nebraska points to Chicago with rates approved by this Commission in *Investigation of Advances in Rates on Grain*, 21 I. C. C., 22; *Commercial Club of Superior, Wis., v. G. N. Ry. Co.*, 24 I. C. C., 96, and 25 I. C. C., 342; and *Chicago-Duluth Grain Rates*, 27 I. C. C., 216. Under the heading "Ton-mile revenue under rates from northwest" are shown in the subjoined table the rates which it was testified were approved in the several cases *supra*. The table, which is condensed, follows:

Average ton-mile revenue under proposed rates.			Ton-mile revenue under rates from northwest.		
Average distance.	On wheat.	On coarse grain.	Average distance.	On wheat.	On coarse grain.
<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
212	12.2	10.9	210	10.3	9.8
269	10.6	9.2	270	9.7	9.3
331	8.9	8.3	331	9.2	8.8
389	7.9	7.2	389	8.5	8.2
453	7.2	6.6	450	7.4	7.1
515	7.0	6.6	511	7.5	7.4
538	7.3	6.6	537	7.8	7.7
595	7.7	6.8	596	7.8	7.8
654	7.9	7.1	656	7.3	7.3
717	7.6	6.8			
761	7.3	6.6			

It will be observed from this table that where the distance given exceeds 269 miles the proposed rates are slightly lower than the rates from the northwest resulting from the Commission's decisions referred to. That we may appraise the value of these tables, a brief analysis of the cases cited is necessary.

In the case first cited the reasonableness *per se* of the rates was directly involved; and we there prescribed maximum rates found to be just and reasonable. In the subsequent cases we dealt with the relationship of rates, fixing such relationship as to Duluth, Superior, Milwaukee, and Chicago.

The table in the column of proposed rates includes specific rates to Chicago, while in the other column the rates cited are in some instances to Chicago, in others to Duluth, and in others to Milwaukee. In *Chicago-Duluth Grain Rates*, *supra*, we said:

Chicago and Milwaukee have common rates from all of this territory, and the fixing of the rate to Milwaukee has the effect of fixing the same rate to Chicago, although via the short line, which fixes the distances from much of this territory to Milwaukee, Chicago is 66 miles more distant. The rates are the same to Duluth and Superior. Duluth is some 10 miles more distant than Superior. The average distances from the respective groups have been computed to Superior for both Superior and Duluth, and to Milwaukee for both Milwaukee and Chicago.

* * * * *

The common rate points considered in that connection were the junction points of two or more carriers from which, if both carriers were to participate in the transportation, their rates to a common market must be the same. If there were two or more such junction points in a group, the distances to Superior via the long lines and via the short lines from those junction points were aggregated and the average of those distances ascertained. In the same manner the average distance from the same points to Milwaukee was ascertained, and it was then determined that the distance to Milwaukee was a certain percentage of the distance to Superior; the rate to Milwaukee was made the same percentage of the rate to Superior that was found in the relative distances, and that percentage was applied to the points in the group.

In the *Superior Commercial Club case*, 25 I. C. C., 342, 348, we called attention to the fact that as to some roads the distances to Milwaukee were less than to Chicago. From these foregoing statements of the method used in prescribing the rates which are here compared with the proposed rates it appears that the respondents are comparing rates to one point from named stations for the actual distances traversed with rates fixed to two points, and with relation to another point, for average distances. These facts render uncertain the value of such a comparison, and this is especially true where, as here, a slight change in mileage would reverse the showing made.

Comparisons made by the respondents between the rates on a selected list of certain highly rated commodities and the rates on grain here involved were avowedly offered to meet irrelevant and extraneous statements claimed to have been made outside the record. Because of this fact and the further fact that a fairer comparison would have been made by a use of the rates on all the special commodities with reference to which statistics are made in the carriers' reports to the Commission, detailed consideration of this testimony is unnecessary.

Statements were presented showing that intrastate rates under the Minnesota scale are lower than under state mileage scales in Missouri, Illinois, Iowa, Kansas, Nebraska, South Dakota, or Wisconsin, the purpose of these comparisons, as stated by the respondents' witness, being to show that interstate rates affected by the Minnesota scale

are unduly low. Whatever the cause of the level of rates in the section affected by the Minnesota scale, the resulting rates have been given full consideration. It must be remembered, moreover, that the average revenue per ton-mile shown by the carriers to have been received from the traffic involved reflects any low intrastate rates that may exist and thus indicates that the rates here sought to be increased, if considered alone, would show relatively a somewhat higher average revenue.

Comparisons are shown between the percentage that the grain rates in central freight association territory bear to the first and fifth class rates in that territory and the corresponding percentage that the grain rates in the territory involved bear to the same classes in that territory. Such comparisons are of little or no value, because there is no substantial identity in the articles comprised in the same numbered classes east and west, and because of the widely different rates in the same class for approximately the same distance. This is illustrated by taking the rates on fifth class in the western territory for hauls of approximately 500 miles. This shows fifth-class rates as follows:

Kansas City to—	Cents.
Chicago.....	27
Denver.....	47
Little Rock.....	41
Fort Worth.....	70

Obviously by selecting for comparison the different points between which the same class rates apply, radically different results could be obtained, and we are unable to find any justification for proposed rates based on comparisons containing such uncertain and shifting data and involving so many unsupported assumptions.

The rates on corn in central freight association territory, where the rates on corn and wheat are the same, are compared with rates on corn in the west, where such rates are generally lower than the rates on wheat. A rate that applies to one commodity only is hardly comparable with a rate under which two different commodities move. We insert this comparison:

35 L. C. C.

	Distance.	Corn.	
		Average of rates.	Per cent.
Average:	<i>Miles.</i>	<i>Cents.</i>	
East.....	219	9.2	100
West.....	225	12.0	130
East.....	249	10.0	100
West.....	251	12.0	120
East.....	277	10.5	100
West.....	276	12.6	120
East.....	309	10.8	100
West.....	302	12.6	117
East.....	332	11.0	100
West.....	323	13.5	122
East.....	353	12.4	100
West.....	361	13.5	100
East.....	377	12.4	100
West.....	375	13.7	111
East.....	398	13.1	100
West.....	401	14.2	108
East.....	421	13.7	100
West.....	427	14.4	105
East.....	448	14.4	100
West.....	453	14.5	101
East.....	476	10.1	100
West.....	477	14.5	99
East.....	499	10.9	100
West.....	499	10.7	99
East.....	520	17.1	100
West.....	527	16.8	98

In making this table the witness for the respondents, as stated, compared percentages of rates on one commodity with such percentages of rates applicable to two commodities, and for his rates west used stations in Iowa and Nebraska to Chicago. A witness for the protestants comparing rates on the same commodity and using the same rates east that the witness for the carriers had used, taking for his rates west those from Kansas points, shows a different situation. These show:

	Distance.	Wheat.		Corn.	
		Average of rates.	Per cent.	Average of rates.	Per cent.
Average:	<i>Miles.</i>	<i>Cents.</i>		<i>Cents.</i>	
East.....	219	9.2		9.2	
West.....	217	13.5	147	11.8	128
East.....	249	10.0		10.0	
West.....	250	15.3	153	13.1	131
East.....	277	10.5		10.5	
West.....	278	10.25	155	14.8	141
East.....	306	10.75		10.75	
West.....	309	17.25	160	15.1	140
East.....	331	11.0		11.0	
West.....	333	18.1	165	15.9	145
East.....	353	12.3		12.3	
West.....	356	20.5	167	17.5	143
East.....	377	12.35		12.35	
West.....	379	21.4	173	18.25	146
East.....	398	12.8		12.8	
West.....	398	21.7	168	18.9	148
East.....	421	13.7		13.7	
West.....	421	21.9	180	19.4	141
East.....	447	14.5		14.5	
West.....	448	22.1	182	19.6	135
East.....	473	15.8		15.8	
West.....	473	22.25	141	20.3	137
East.....	497	16.5		16.5	
West.....	499	22.6	137	20.1	123

This exhibit presented by the protestants, like that of respondents, may not be fully representative either of eastern or western rates. The divergence in percentages shows negatively that the comparison offered by the carriers has little or no probative force.

Witnesses for protestants presented results of studies seeking to determine the specific cost of moving grain. Without questioning the fairness or accuracy of the computations of these witnesses, such computations are based on data in some respects too limited and in general too little representative to furnish a basis for any judgment as to the specific cost of hauling the commodities whose rates are here involved. These studies, however, are in nowise out of harmony with the conclusion that whatever the cost of transporting grain and grain products may be, the cost of transporting the products is higher than of transporting the grain. Upon all the facts of record we are justified in concluding that, considered alone, present rates on grain are sufficiently high. The rates on grain products, at least as at present apportioned, may be too low.

The existing minimum on shipments of grain products is 30,000 pounds, and tariffs under suspension propose to increase this to 40,000 pounds. As to these products generally it is not denied that the proposed minimum can easily be loaded, though it is argued that small dealers usually do not purchase and at times would not purchase a car loaded to 40,000 pounds. It appears from the lading given above and from Table No. 28, page 587, *infra*, that the average loading on these products, including intrastate shipments, is less than 40,000 pounds, ranging from 31,000 to 39,000 pounds. Some special grain products of a higher value than grain products generally can be loaded to 40,000 pounds with difficulty, and possibly some can not be loaded that heavily. Such special products, however, take rates applying to the products generally, and their light loading, if maintained, would be a fact tending to furnish a reason for a higher rate basis. That it is convenient or desirable to have light loads that small shippers may get carload rates is not a transportation reason sufficient, when the carload is a normal unit of shipment, to prevent the carriers from utilizing somewhat more fully their equipment. As we said in *Georgia Fruit Exchange v. So. Ry. Co.*, 20 I. C. C., 623, 630:

The minimum carload weight is a factor in the carload rate, and in connection with the rate per 100 pounds determines the carload earnings.

Economy of operation is promoted by heavier loading, and the whole public benefits by economies that reduce the cost of transportation, and where the carriers are seeking to increase carload minima to a point short of what can be reasonably and generally loaded, we are not warranted in refusing to permit the establishment of such minima. The carriers have justified the proposed minimum weight on grain products.

In central freight association territory the present minimum is 40,000 pounds. On intrastate shipments the minimum varies. In North Dakota, Nebraska, Kansas, Oklahoma, Texas, Arkansas, Missouri and Iowa a minimum of 24,000 pounds applies, while in Minnesota the minimum is 26,000, and in Colorado, New Mexico, Wisconsin and Illinois, 30,000 pounds. It is urged that different minima interstate and intrastate will result in unjust discrimination against the interstate shipper. This is a question not here involved. Different states in the territory affected by the tariffs suspended maintain different minima, and we could not therefore fit the interstate minimum to each. To do so would result in state regulation of interstate commerce. *Houston & Texas Ry. v. United States*, 234 U. S., 342.

In the *Five Per Cent case*, 31 I. C. C., 351, carriers in official classification territory were permitted to increase their export rates through Atlantic ports on grain and grain products 5 per cent, and following that increase the carriers here were permitted to maintain the prior existing relationship by increasing export rates through Gulf ports an equal amount. Subsequently the eastern carriers proposed increases in their export rates sufficient to bring the total increase to 1 cent per 100 pounds, this increase on wheat and products taking the same rate being 0.3 of a cent and on coarse grain and its products 0.2 of a cent. These latter increases are now under suspension. In the present case it is proposed to increase export rates through Gulf ports 1 cent in line with the general increase, and in addition thereto to make an increase of 0.3 and 0.2 of a cent, respectively, on wheat and grain products generally and on coarse grain to maintain the relationship between export rates through the Atlantic and Gulf ports. If the fractional increase should be allowed to the carriers east of the Mississippi River, and a 1-cent increase in the domestic rate permitted the carriers here, it would be necessary in order that the existing relationship should be maintained that an increase of 1 cent plus the aforesaid fractions thereof should be permitted in export rates through the Gulf ports. It appears that there are special costs incident to the export traffic such as delays at ports and that there are transportation reasons indicating that the export traffic which now moves at less rates than the domestic traffic costs as much as the domestic traffic. It also appears that the export traffic through the Gulf ports is somewhat less attractive now than was the case which is described in *Mayor, etc., of Wichita v. A., T. & S. F. Ry. Co.*, 9 I. C. C., 534, and *Farmers, Merchants and Shippers Club v. A., T. & S. F. Ry. Co.*, 12 I. C. C., 351. As the question is here presented we need not discuss in detail the testimony on this point. Here the 1-cent increase is sought to be justified by the claim of a necessity of maintaining a long existing rela-

tionship which would be disturbed by permitting a 1-cent increase in the domestic rates without a corresponding increase in the export rates, and by permitting the fractional increase in the rates through the Atlantic ports without a similar increase in the rates to Gulf ports for export. As the increase of 1 cent in the domestic rate is here denied, the justification for a similar increase in export rates fails. As the fractional increase proposed through the Atlantic ports has not been granted, its complementary increase through the Gulf ports is not justified. If, however, the fractional increase should subsequently be permitted through the Atlantic ports, the respondents may petition for a modification of this finding.

In this connection it may be said that the present system of crediting earnings generally applied in the western trunk line territory overstates the revenue from grain alone. The system was explained by a witness for respondents as follows:

On all transit grain, either malting in transit or milling in transit, the grain is taken from the point of origin to milling point on the local rate, and the grain is credited with the local rate.

When the grain product is forwarded, it is forwarded on the balance of the through rate, and the grain product is credited with the remainder left after giving credit to the grain of the local rate from point of origin to the milling point. Now, those are short hauls and higher relative rates than the longer haul rate, and consequently the grain product gets the worst of it in the showing as to the rate per ton per mile.

An extreme illustration of the results of this method was given of record, presumably applying to hauls approximately equal:

The local rate on grain into the mill is 10 cents; the through rate from point of origin of the grain to ultimate destination is 12 cents. Then the grain would go in on a 10-cent rate and the flour would move out on a 2-cent rate.

The principal witness for the respondents testified that in western trunk line territory a different rate could not be made on the grain from that on the product, though, as we have seen, such a difference does exist in other sections of the country. That mills have been located near the points where grain is produced, because with a parity in the rates on grain and grain products such location is possible with profit to the local miller, is undoubtedly true; and that to destroy such parity would decrease the advantages of such location is equally true. Certainly on this record we should not disturb a situation that has long existed and which is not here attacked, and which its beneficiaries have had no opportunity to defend.

The carriers have based their justification for increases upon the unity of the grain and the grain products and upon the unity of the whole territory involved. We find and conclude that they have not justified the tariffs increasing rates on grain and grain products.

An order will be entered directing the respondents to cancel the tariffs here involved proposing increased rates on grain and grain

products. Such order will be without prejudice to the right of the Minneapolis & St. Louis Railroad to publish through rates to southwest Missouri River points in lieu of and lower than present combinations of locals. The carriers have justified and may establish increased rates on grain and grain products from points in northern Iowa, southwestern Minnesota, and southeastern South Dakota to Kansas City and related points reasonably and relatively conforming to rates from such points to Chicago.

LIVE STOCK.

The proposed increased rates on live stock apply from points in western trunk line, trans-Missouri, and southwestern tariff committee territories, to Fort Worth, Tex., Oklahoma City, Okla., Wichita, Kans., Chicago and Peoria, Ill., and to markets on the Missouri and Mississippi rivers. From Missouri River points to Chicago, St. Paul, Peoria, and St. Louis the amount of the proposed increase is generally 2.5 cents per 100 pounds. In an effort to make a general rate realignment some rates are not changed, some are increased less than 2.5 cents, and a few more than 2.5 cents. The adjustment proposed makes the rates from Sioux City, Iowa, the same as from Omaha. This adjustment from Sioux City would make the proposed increase in rates on cattle and on sheep in double-deck cars 1.5 cents and would reduce the rate on sheep in single-deck cars by 2.5 cents per 100 pounds. From Kansas City to St. Paul no changes are proposed except on sheep in single-deck cars, on which there is an increase of 2.5 cents per 100 pounds, nor are changes proposed from St. Paul to Chicago except in the rate on horses. From points in Iowa the proposed increases grade down from 2.5 cents in western Iowa to 0.7 of a cent per 100 pounds in eastern Iowa. Rates for transporting horses which have been on a per car basis, it is here proposed to conform to the normal live stock basis expressed in cents per 100 pounds. Rates from interior Missouri points it is proposed to increase similarly to those from the Missouri River. From southwestern territory the increases proposed are generally 3 cents per 100 pounds on cattle, hogs, and sheep, and 5 cents, or \$11.50 per car, on horses.

The rates on stock cattle moving from Texas to Oklahoma for feeding it is proposed to increase \$10 per car; to points in Kansas, \$5 per car, and other stock cattle rates it is sought to increase 5 per cent. This will average about \$5 per car. All trainload and 10-carload rates on stock cattle are, as they ought to be, eliminated.

The rates here proposed affect territory different from but complementary to that involved in *Live Stock Rates from Colorado Points to Omaha*, 35 I. C. C., 682, and so far as they relate to beef cattle,

are practically the same as those which were condemned in 1905 by the Commission in *Cattle Raisers' Asso. v. M., K. & T. R. R. Co.*, 11 I. C. C., 296.

The rates on cattle, hogs, and sheep from New Orleans to points in western trunk line and trans-Missouri territories it is proposed to alter from the per car basis to the 100-pound basis, but the change would result in practically no increase in transportation charges. No increases on live stock have as yet been obtained in intrastate rates or in rates controlled by the intrastate factors.

In the table following are stated rates in cents per 100 pounds on live stock for representative movements throughout the territory involved. Column 1 shows present rates; column 2, proposed rates.

From—	To—	Distance in miles.	1	2
Hastings, Nebr.....	Chicago:			
	Cattle and sheep and hogs, double deck ¹	631	25.75	28.25
	Hogs, single deck.....	631	30	41.5
	Sheep, single deck.....	631	40	42.5
	St. Louis:			
	Cattle and sheep and hogs, double deck ¹	556	27	29.5
	Hogs, single deck.....	556	32	34.5
	Sheep, single deck.....	556	32.5	35
Ames, Iowa.....	Chicago:			
	Cattle and sheep and hogs, double deck ¹	326	22	23.9
	Hogs, single deck.....	326	22.5	24.9
	Sheep, single deck.....	326	23.5	26.9
Ken Chire, Wis.....	Cattle and sheep and hogs, double deck ¹	325	21	23.5
	Hogs, single deck.....	325	24.5	27
	Sheep, single deck.....	325	24.5	27
Mason City, Iowa.....	Cattle and sheep and hogs, double deck ¹	360	22.5	24.6
	Hogs, single deck.....	360	23.5	26.6
	Sheep, single deck.....	360	25	26.6
Omaha, Nebr.....	Cattle and sheep and hogs, double deck ¹	500	23.5	26
	Hogs, single deck.....	500	23.5	26
	Sheep, single deck.....	500	25	27.5
	Horses.....	500	35.1	37.5
Sioux City.....	Cattle and sheep and hogs, double deck ¹	500	24.5	26
	Hogs, single deck.....	500	23.5	26
	Sheep, single deck.....	500	30	27.5
Kansas City.....	St. Louis:			
	Cattle and sheep and hogs, double deck ¹	223	17	19.5
	Hogs, single deck.....	223	18.5	21
	Sheep, single deck.....	223	20	22.5
Dodson, Mo.....	Cattle and sheep and hogs, double deck ¹	301	18.5	21
	Hogs, single deck.....	301	21	23.5
	Sheep, single deck.....	301	22	24.5
Kansas City.....	Chicago:			
	Cattle and sheep and hogs, double deck ¹	454	23.5	26
	Hogs, single deck.....	454	23.5	26
	Sheep, single deck.....	454	25	27.5
	Cattle and sheep and hogs, double deck ¹	900	46	53.5
Owanka, S. Dak. ²	Kansas City:			
Albuquerque, N. Mex.....	Cattle and sheep and hogs, double deck ¹	903	46.5	49.5
	Do.....	625	31	33.5
Colorado Springs, Colo.....	Chicago:			
Muskogee, Okla.....	Cattle and sheep and hogs, double deck ¹	708	37.75	40.75
Osborne, Ark.....	Do.....	601	31.75	34.75
Fort Worth.....	St. Louis:			
	Cattle and sheep and hogs, double deck ¹	757	39.5	42.5
	Hogs, single deck.....	757	50	53
	Sheep, single deck.....	757	58.5	61.5
	Sheep, double deck.....	757	52.25	55
	Horses.....	757	55	60
Albuquerque, N. Mex.....	Oklahoma City, Okla.:			
	Stock cattle.....	626	37.5	39.3
Vaughn, N. Mex.....	Do.....	457	32	34.3

¹ The rates on sheep and hogs, double deck, are not always the same as on cattle, but the table is illustrative of the sheep and hog rates generally.

² A average distance, Missouri River to Chicago.

³ Where rates on hogs, single deck, and on sheep, single deck, are not given the omission is caused by lack of record evidence.

The increase in live stock since 1903 has not been commensurate with the growth in population. From statistics of record which were taken from the reports of the Department of Agriculture, showing live stock on farms January 1 of each year, it appears that there were in the United States on January 1, 1915, fewer cattle and sheep and more hogs, horses, and mules than there were for the average of the 13 years 1903 to 1915, inclusive, the average number of live stock of all kinds on the farm on January 1 for the 13-year period being 195,160,450, and the number on hand on January 1, 1915, being 198,577,000. To use 1914 instead of 1915 would not materially affect the results stated. It appears that the weight of cattle, hogs, and sheep has increased since 1903, which offsets to some extent the relatively smaller number raised.

That the value of live stock of all kinds has increased since 1903 is shown of record as evidenced by the subjoined table taken from the annual reports of the Chicago Stock Yards.

Average value per head.

	1900	1901	1902	1903	1904	1905	1906	1907
Cattle.....	\$50.00	\$48.00	\$54.00	\$44.75	\$45.75	\$48.07	\$49.16	\$52.44
Calves.....	11.90	12.00	12.50	10.00	9.63	10.15	10.94	12.00
Hogs.....	11.85	13.00	15.00	13.63	11.00	11.83	14.63	14.75
Sheep.....	4.65	3.80	4.25	4.05	4.09	4.90	4.95	4.15
Horses.....	116.00	120.00	130.00	136.75	135.00	142.50	150.00	164.50

	1908	1909	1910	1911	1912	1913	1914
Cattle.....	\$55.15	\$58.90	\$61.83	\$61.47	\$74.37	\$83.10	\$85.75
Calves.....	9.90	10.37	12.82	11.10	11.85	13.23	13.75
Hogs.....	12.03	16.29	21.12	15.49	17.30	19.35	19.00
Sheep.....	4.53	5.28	5.61	4.30	5.01	5.39	5.00
Horses.....	154.77	160.79	175.00	180.00	185.00	187.50	195.00

The respondents show that the transportation of live stock requires special facilities, among which are cars constructed for this traffic which are subjected incidentally to rapid deterioration through rotting; the building and maintenance of stock pens and loading chutes; the stoppage of cars in transit to feed, water, and rest the animals; the provision of accommodations for attendants and their transportation when employed by shippers to care for live stock en route; and the furnishing of bedding of sand or hay. These facts were considered in *Cattle Raisers' Assn. v. M., K. & T. R. R. Co.*, *supra*, and, save that stock pens are now located farther from the local stations, thus somewhat increasing the cost of switching, the situation has not changed since our decision in that case.

Live stock, moreover, is of necessity moved more rapidly than dead freight. To the extent that this is true, this traffic involves a special service more expensive than that required in the transportation of

ordinary commodities. This presumably was considered when these rates were originally fixed. The schedule time of live-stock trains has increased since 1903, though there is greater regularity in maintaining schedules than formerly.

It is the contention of the respondents that it is impossible to utilize fully the tractive power of locomotives when the trains carry live stock, because the necessity of expedited movement requires that the train weight shall be limited. The protestants as well as respondents presented testimony on this issue. The performance of trains for certain days, on different roads, and on different divisions of the same road, was shown. We append a composite statement taken from exhibits of both carriers and shippers:

Per cent of gross tons to rated capacity of engine.

Road.	Exclusive stock train.	Mixed stock and other freight.	Other freight.	Division.
Iron Mountain.....	51.2	(¹)	91.2	Elmo, Mo., to Dupu, Ill. (Ex. 3, Somerville).
Chicago, Burlington & Quincy.....	69.0	(¹)	98.0	Galesburg to Clyde, Ill. (Ex. 3, Somerville).
Atchison, Topeka & Santa Fe.....	74.3	81.0	83.6	Emporia to Argentine, Kans. (Strohm Ex. 3).
Northwestern.....	49.0	61.0	69.0	Iowa, Illinois, Minnesota and Wisconsin (Ex. 1-C, Vilas).
Do.....	52.0	55.0	68.0	Omaha to Chicago (Ex. 1-E, Vilas).
Missouri, Kansas & Texas.....	40.55	² 76.0	² 78.22	Waco to Denison. ³
Do.....	77.33	² 78.48	² 70.16	Do. ³
Do.....	91.0	² 78.6	² 68.5	Do. ³

¹ Not given.

² More than 5 cars of live stock.

³ Different days.

⁴ Less than 5 cars of live stock.

A summary of a study, made by a witness for the protestants, of the movement of all trains on the International & Great Northern Railroad in and out of San Antonio, Tex., from April 1 to April 22, 1914, is as follows:

	Dead freight.	Mixed live stock and perishable.
Number of trains in report.....	57	143
Average miles per train.....	82.38	126.13
Average miles per hour.....	13.63	15.57
Average gross tons per train.....	554.50	760.43
Average engine rating.....	850	850
Average loaded cars per train.....	8.14	17.12
Average empty cars per train.....	15.57	5.58
Total cars per train.....	23.71	22.70
Per cent live stock.....		18.76
Per cent perishable.....		42.24
Per cent other freight.....	34.33	14.40
Per cent empty, including cabooses.....	65.67	24.58
	100.00	—100.00

Other operating results were shown as follows:

Road.	Divisions.	Date.	Per cent of live stock to all freight in train.	Per cent of power utilized.
Atchison, Topeka & Santa Fe.....	Out of Gainville, Tex.	April, 1914.....	7.74	77.4
Do.....	do.....	October, 1914.....	2.27	54.5
International & Great Northern.....	Out of Taylor, Tex.	1st and 10th of April, July, and October, 1914.	2.27	72.9

For 16 selected days the trains between Ravenna and Lincoln, and McCook and Hastings, Nebr., which carried mixed live stock and dead freight were heavier than trains carrying dead freight only, while the opposite was true of the trains between Alliance and Seneca, Neb.

The schedule of live-stock trains is made with the end in view that the stock may arrive at the market at a particular time, and 10 cars of live stock are constituted a train if there is at least that number of loaded stock cars available for shipment. The divergent showings in the tables above are to be explained on this ground. Where there is not sufficient traffic to utilize the full tractive power of a locomotive, a train may move which does not require the rated engine capacity; but where traffic is sufficient to require the full locomotive capacity the greater the number of cars in which the tonnage is distributed, and consequently the greater the tare weight, the less is the revenue freight that an engine can draw.

While stock cars are at times used for traffic other than live stock, the percentage that the empty movement bears to the loaded movement is high, the average, as stated by one witness, being 79. How much, if any, this percentage is reduced by the use of stock cars in other traffic does not appear, nor whether this percentage is properly chargeable to other traffic. The percentage, however, is statistically attested and on one road has increased from 89.6 in 1905 to 92 in 1914. The Santa Fe makes a showing of only 67 because of special uses of these cars by that road. The extent to which other carriers can do likewise does not appear.

There is a greater percentage of empty movement of double-deck cars for sheep and hogs than for other live stock. This effect of the use of double-deck cars is lessened to some extent where the upper deck is adjustable, though some roads regard such decks as impracticable. Some empty haul is caused by the practice, as stated by one shipper, of ordering more cars than are needed to provide against the contingency of some cars being unfit to use.

In the *Cattle Raisers' Asso. case, supra*, the record did not show the extent of losses per dollar of gross income, though we did find from

the testimony there presented that the Santa Fe for a period of six years paid for loss and damage claims an amount which was approximately 1.23 per cent of its revenues from the transportation of live stock, and that such percentage furnished a fair standard by which to estimate the pecuniary risk of this traffic.

On the subsequent hearing of the *Cattle Raisers' Asso. case*, 13 I. C. C., 418, 422, 423, it was shown that the Santa Fe for the year 1906 paid 4.95 per cent of its revenue from live stock in loss and damage claims, and that the Texas roads paid larger percentages than we had estimated at the first hearing to be a fair standard, though we found that, considering the defendants as a whole, our first estimate was legitimate.

In the instant case the Santa Fe showed loss and damage claims paid as follows:

Analysis of live-stock revenue and claim payments.

Fiscal year.	Revenue on live stock.	Claim payments, live stock.	Per cent live-stock claim payments to live-stock revenue.	Live-stock claim payments per car.
1910.....	\$3,905,785	\$278,035.56	7.1	\$2.98
1911.....	4,159,812	245,490.69	5.9	2.57
1912.....	3,777,798	189,933.52	5.03	1.95
1913.....	4,457,360	199,662.44	3.7	1.48
1914.....	4,265,393	135,677.71	3.02	1.25

On the Burlington for 1914 the percentage of payments, including payments for injuries to caretakers, of the total revenue from the live-stock traffic is 5.9, while on a car basis the figures given are as follows:

	1912	1913	1914
Claims on live stock per car amounted to.....	\$1.17	\$1.16	\$1.47
Claims on live stock and for personal injuries to caretakers amounted to, per car..	1.27	1.26	1.65

For the Missouri, Kansas & Texas the figures in percentage to revenue on live stock and per car are as follows:

Fiscal year. ¹	Per cent.	Per car.
1909.....	7.3	\$2.77
1912.....	9.88	3.52
1913.....	8.98	2.62
1914.....	10.41	3.10

¹ The records for 1910 and 1911 are not available.

On the North Western the amount paid, excluding payments on horses, was for 1914, 52.5 cents per car. The witness who gave the figure for the North Western stated that this result was obtained "at a great expense" and at a "sacrifice in tonnage per train." Among the special services instanced by this witness as conducing to smaller loss and damage claims are the preference given to stock trains over all except passenger trains; the overtime required of the operating force; the division of trains when necessary to adhere to schedule; the extra telegraph service; the keeping ready of engines for possible movements; the showering of hogs in the summer, which necessitates the stopping of trains and the maintenance of watering facilities.

On the Santa Fe there has been careful supervision for the purpose of reducing loss and damage, and the comparatively small amounts paid by this system are the reflection of this intensive supervision. That this saving is in part at least offset by the cost of the additional supervision is shown of record.

The heaviest movement of live stock is usually during January, February, and March, the season of snow and ice, and at a time when transportation cost is at its highest. There have been some charges for trackage at terminal markets which the carriers formerly did not have to pay.

There has been in recent months an increased cost caused by the necessity of disinfecting cars. This is probably a temporary condition, and some of the carriers have proposed tariffs making separate charges for cleaning and disinfecting.

The larger number of live-stock shipments originate on branch lines. For example, this statement applies to about 75 per cent of the cattle fed in Iowa, as estimated by a large shipper from that state. This adds to the cost of the carriage. *American National Live Stock Assn. v. S. P. Co.*, 32 I. C. C., 438, 443.

Neither the method of loading and unloading live stock nor the terminal charges have been changed except as hereinbefore stated since our decision in the *Cattle Raisers' case*, *supra*, and these need no discussion at this time.

While the movement is seasonal, it is fairly regular and can be provided for in advance with a reasonable degree of certainty.

It was contended by the wool growers that the charge for feeding in transit is excessive, while one of the carriers presented facts relating to a feed yard in another territory showing that the feeding resulted in no profit to the carrier. The charges for this service are not changed by the proposed tariffs, and their reasonableness is, therefore, not directly involved.

The following is a statement of freight in carloads handled by the Burlington for the fiscal year ended June 30, 1914, and shows that it takes more cars to haul the same weight of live stock than the average of all traffic:

Commodity.	Number of carloads.	Number of net tons.	Percentage of tonnage to total carload tonnage.	Percentage of cars to total number of cars of carload freight.	Average net weight per car.	Average gross weight per car.	Percentage of net weight to gross weight per car.
					<i>Tons.</i>	<i>Tons.</i>	
Total farm products.....	272,591	7,019,842	22.95	23.50	26	B 43.5	53
Total live stock.....	165,651	1,719,350	5.62	14.34	10	S 25.0	40
Total animal products.....	38,012	542,264	1.77	3.29	14	R 35.25	40
Total mine products.....	311,437	13,264,673	43.34	26.95	43	G 62.25	69
Total forest products.....	91,528	2,124,789	6.95	7.92	23	B 40.5	57
Total manufactures.....	218,967	4,885,115	15.97	18.95	22	B 39.5	56
Household goods and emigrant movables.....	12,105	132,336	.44	1.05	11	B 28.5	38
Other commodities (not mentioned above).....	45,057	906,757	2.95	3.9	20	B 37.5	53
Carloads, total.....	1,155,348	30,585,116	100.0	100.0	26	.....	.....

"B"—Box car. "R"—Refrigerator. "G"—Gondola. "S"—Stock car.

Average tare weight of C., B. & Q. box cars, 35,000 pounds, or 17.5 tons.

Average tare weight of C., B. & Q. refrigerator cars, 42,500 pounds, or 21.25 tons.

Average tare weight of C., B. & Q. gondola cars, 38,500 pounds, or 19.25 tons.

Average tare weight of C., B. & Q. single-deck stock cars, 30,000 pounds, or 15 tons.

In this connection statements were introduced giving particulars relating to the revenue for the Burlington and North Western during the same period, as follows:

CHICAGO, BURLINGTON & QUINCY.

Commodity.	Average distance haul of 1 ton.	Average haul per car.	Average net weight per car.	Revenue per car.	Revenue per net ton-mile.	Revenue per gross ton-mile.	Revenue per car-mile.
	<i>Miles.</i>	<i>Miles.</i>	<i>Tons.</i>		<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Total live stock.....	238.6	233.5	10.0	\$32.41	1.309	0.542	13.9

CHICAGO & NORTH WESTERN.

Total live stock.....	242.0	240.0	10.2	\$32.34	1.30	0.512	13.48
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The following table contains interesting information bearing upon the transportation of live stock.

Statement of rates per gross ton-mile and earnings per car-mile on live stock, in comparison with other commodities in car lots, on the Chicago, Burlington & Quincy Railroad system for the year ended June 30, 1914.

[The mileage used is the average haul per loaded car of the different commodities, plus the empty mileage, the empty mileage being based on a percentage of the loaded mileage, according to actual percentages of loaded versus empty mileage obtaining on the Chicago, Burlington & Quincy on the various kinds of equipment during October, 1914.]

Commodity.	Average net load (tons) per car.	Average gross tons per car.	Freight charges per car.	Average haul per loaded car (miles).	Gross mileage, including empty and loaded haul.	Gross tons 1 mile.	Miles per gross ton-mile.	Cents per car-mile.
Cattle.....	12	\$ 27.0	\$36.47	266.8	453	9,793	2.72	2.0
Horses and mules..	11	\$ 26.0	43.28	257.8	438	9,408	4.6	2.8
Hogs.....	9	\$ 24.0	26.00	166.2	282	5,731	4.26	2.8
Sheep.....	9	\$ 24.0	41.22	269.0	626	12,711	2.34	6.5
Total live stock.....	10	\$ 25.0	32.41	233.5	396	8,275	2.91	2.1
Fresh meat.....	13	P R 35.5	46.04	310.7	560	10,606	2.77	2.2
Other packing-house products...	15	P R 37.5	56.09	330.2	594	18,315	2.06	2.4
Live poultry.....	10	L P T 31.5	59.96	280.9	598	15,667	2.32	10.0
Dressed poultry....	10	R 31.26	70.90	276.2	350	10,306	6.94	20.2
Eggs.....	10	R 31.26	79.67	343.7	436	12,705	6.27	12.2
Bear.....	15	R 36.25	48.87	254.7	323	10,710	4.56	15.1
Butter and cheese..	11	R 32.26	97.27	463.3	620	18,217	5.31	15.6
Wool.....	14	B 31.5	132.08	713.1	914	26,969	5.07	14.4
Hay.....	12	B 29.5	30.23	290.7	372	9,990	2.02	6.1
Tobacco.....	12	B 29.5	63.91	284.8	492	12,247	4.83	12.0
Agricultural implements.....	14	B 31.5	53.02	276.1	354	10,069	5.27	15.0
Products of agriculture.....	26	B 43.5	50.63	295.4	379	14,202	2.54	12.3
Manufactures.....	22	B 39.5	52.57	284.7	365	12,649	4.16	12.4
Household goods and emigrant movables.....	11	B 28.5	37.04	261.0	335	8,733	4.24	14.1

Prefixes in the "Average gross tons" column are, viz:

"S"—Stock cars.

"P R"—"Packers'" refrigerator cars.

"L P T"—Live Poultry Transportation Co. cars.

"R"—C., B. & Q. refrigerators.

"B"—C., B. & Q. box cars.

Average tare weights:

C., B. & Q. stock cars.....

"Packers'" refrigerators.....

L P T Co. cars.....

C., B. & Q. refrigerators.....

C., B. & Q. box cars.....

Percentage of empty to loaded mileage on C., B. & Q. R. R. during October, 1914:

Box cars.....

"Packers'" refrigerators.....

All other refrigerators.....

L P T and Lemao poultry cars.....

Stock cars.....

Tons.

15

22.5

21.5

21.25

17.5

Per cent.

28.2

80.2

28.9

113.0

69.8

Earnings per gross ton-mile take into consideration the factor of net to gross weight hauled and the comparative remuneration for the physical haulage involved, and to that extent are more comprehensive than the earnings per net ton-mile and per car-mile. However, these figures alone can scarcely be regarded as decisive of the large issues involved.

Similar comparisons of rates on the Missouri, Kansas & Texas were made, which show rates lower, both relatively and absolutely,

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than those on the Burlington and North Western. One explanation of this fact as to the Missouri, Kansas & Texas is that its earnings on live stock result to a large extent from proportional rates. Comparisons for the Santa Fe yield results similar to those for the Burlington and North Western.

Below are still other tables which have been interpreted to indicate a relatively low level of rates on live stock:

TABLE 28.—Revenue per net ton-mile and per gross ton-mile for various commodities, 1914 (six lines).¹

Commodity.	Average load per car.	Revenue per net ton-mile.	Revenue per loaded gross ton-mile. ²	Ratio of empty to loaded mileage. ³	Revenue per gross ton-mile loaded and empty.	Average distance hauled.	Road haul mileage assumed to be equivalent to initial and terminal service.	Revenue per gross ton-mile, loaded and empty, adjusted for 200 miles.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Tons.	Cents.	Cents.	Per cent.	Cents.	Miles.	Miles.	Cents.
Grain.....	32.59	0.731	0.471		0.430	226.15	70	0.443
Rice and rice products ⁴	22.66	.719	.400	27	.367	265.73	80	.384
Flour.....	15.51	.653	.339	27	.299	315.03	80	.334
Other mill products.....	15.91	.655	.335	27	.296	223.17	80	.307
Hay and straw.....	11.75	1.066	.421	27	.362	194.78	95	.359
Broken corn ⁵	10.67	1.406	.523	27	.447	593.92	95	.563
Fruits and vegetables ⁶	15.33	.906	.405	70	.295	503.41	80	.356
Live stock.....	10.49	1.359	.504	79	.336	227.11	95	.349
Dressed meats.....	12.31	1.059	.427	70	.301	441.14	95	.365
Other packing-house products.....	16.45	1.102	.520	70	.380	306.06	80	.443
Bituminous coal.....	37.97	.578	.380	89	.302	146.29	65	.377
All railroad freight.....	25.75	.812	.451	44.26	.377	196.89	70	.376

¹ Atchison, Topeka & Santa Fe system; St. Louis & San Francisco Railroad; Rock Island lines; Chicago, St. Paul, Minneapolis & Omaha Railway; Chicago & North Western Railway; Missouri, Kansas & Texas lines.

² On basis of 18 tons tare per car.

³ Used to determine empty ton-miles. Except as otherwise noted, ratios are those shown on sheet 6 of Hadley's Exhibit No. 2.

⁴ For Atchison, Topeka & Santa Fe system and Missouri, Kansas & Texas lines only.

⁵ For Atchison, Topeka & Santa Fe system only.

⁶ Includes transcontinental fruits and vegetables for Atchison, Topeka & Santa Fe system. It is assumed that similar traffic is included for other lines, although not shown separately from other fruits and vegetables.

⁷ Ratio of empty freight car-miles to loaded freight car-miles (caboose car-miles not considered) obtained from data shown in "A preliminary abstract of statistics of common carriers for the year ended June 30, 1914," for Atchison, Topeka & Santa Fe Railway; St. Louis & San Francisco Railroad; Chicago, Rock Island & Pacific Railway; Chicago, St. Paul, Minneapolis & Omaha Railway; Chicago & North Western Railway; and Missouri, Kansas & Texas lines. Percentage is 44.06 if Gulf, Colorado & Santa Fe Railway, Panhandle & Santa Fe Railway; and Chicago, Rock Island & Gulf Railway figures are included, which does not materially affect any of the computations showing revenue per ton-mile.

Inasmuch as comparisons of ton-mile revenues are misleading when no account is taken of the length of haul, an adjustment has been made as shown in the eighth column to bring the gross ton-mile revenue to a uniform basis of a 200-mile haul. This involves an assumption as to the relative importance of terminal and line service. The assumption used is shown in the seventh column, the variation in the figures in this column being explained by the different car loadings. The figures in columns 1 to 6 are not affected by the assumptions pertaining to columns 7 and 8.

The above consolidated table includes all the lines which filed traffic statements upon a uniform basis in response to a request by the Commission. The gross ton-miles in these statements are based upon a uniform tare weight per car of 18 tons. This is too low for refrigerator cars and too high for stock cars generally. For example, the Chicago, Burlington & Quincy Railroad reports a tare weight for stock cars of 15 tons and a weight for sand bedding of 1.7 tons additional. Uncertainty as to tare weights of cars and percentages of empty mileage may introduce a considerable element of error in the gross ton-mile comparisons, which should be taken as only approximate, but the table will serve to emphasize the danger in making net ton-mile comparisons between various commodities, especially when this is done without regard to average length of haul.

For the gross ton-mile comparisons submitted for the Chicago, Burlington & Quincy Railroad, see Table 29.

TABLE 29.—*Traffic statistics Chicago, Burlington & Quincy Railroad, year ending June 30, 1914.*

Class of commodity .	Number of net tons.	Amount of freight revenue.	Average load per car.	Average net ton-mile revenue.	True weight of car.
			<i>Tons.</i>	<i>Mills.</i>	<i>Tons.</i>
Farm products.....	7,019,342	\$13,803,707	26	7.29	17.89
Live stock.....	1,719,360	5,370,343	10	13.09	15.09
Animal products.....	542,254	2,357,326	14	11.89	21.25
Mine products.....	13,264,673	13,908,622	43	4.23	19.25
Forest products.....	2,124,789	4,715,946	23	8.46	17.59
Manufactures.....	4,885,116	11,612,618	23	8.44	17.89
Household goods and emigrant movables.....	132,336	442,373	11	12.82	17.89
Other commodities.....	906,787	1,306,685	20	7.13	17.89
All carload freight.....	30,585,116	53,426,619	26	6.49	.....

Class of commodity.	Gross ton-mile revenue loaded.	Gross ton-mile revenue loaded and empty.	Ratio of empty to loaded mileage.	Average distance haul per car.	Average revenue per loaded car-mile. ¹
	<i>Mills.</i>	<i>Mills.</i>	<i>Per cent.</i>	<i>Miles.</i>	<i>Cents.</i>
Farm products.....	4.18	3.73	28.2	295.4	13.36
Live stock.....	5.42	3.85	60.8	233.5	13.89
Animal products.....	4.92	3.62	(²)	247.1	16.65
Mine products.....	2.89	2.23	91.4	256.8	18.19
Forest products.....	3.07	2.73	28.2	421.3	12.55
Manufactures.....	4.69	4.17	28.2	294.7	18.57
Household goods and emigrant movables.....	4.97	4.24	28.2	261.0	14.19
Other commodities.....	3.84	3.39	28.2	199.8	14.25
All carload freight.....	3.81	3.15	.....	281.7	16.67

¹ Product of net ton-mile revenue and number of net tons per car as given in this table.² For fresh meat and packing-house products, 80.2 per cent; live poultry, 113 per cent; other refrigerated cars, 25.9 per cent.

These statistics offered by the carriers show the revenues from the whole of their live stock traffic, intrastate and interstate. Protestants claim that a large proportion of all live stock here in question moves on state-made rates or on rates controlled by state rates. They further claim that state rates on live stock are generally much more below the level of the interstate rates on live stock than rates on almost any other commodity, averaging perhaps 30 per cent less. There may be differences of opinion regarding the exact figures, but no one has questioned the correctness of these allegations. Herein is found an important fact which doubtless modifies the surface indications of the above tables very materially. There is no claim made here that the interstate rates on live stock are not adequately remunerative, but rather that the revenues derived both from intrastate and interstate traffic are inadequate.

No one denies that the state rates are generally far below the interstate rates; yet the suspended tariffs propose to widen the gulf between the two sets of rates and correspondingly increase the burden on interstate traffic and proportionately lift a burden off the state traffic. Nor has the claim been advanced even, much less substantiated, that interstate live stock traffic is so much more expensive

as to justify the existing excess of interstate rates over intrastate rates. This record does not show whether both the intrastate and the interstate live stock traffic bear their just proportion of the transportation burden. What this just proportion of the transportation burden should be is a matter which may not be disposed of on the record in this proceeding, but it has been brought to our attention and can not be ignored in a proceeding involving the propriety of increased interstate rates. "Propriety" is a broader and more inclusive term than "reasonableness."

It may be suggested that in a number of other cases previously disposed of by the Commission the discrepancy existing between state and interstate rates was not permitted to influence the disposition of those cases. That may be true; but it is also true that in the well-known *Shreveport case*, *Railroad Commission of Louisiana v. St. L. S. W. Ry. Co.*, 23 I. C. C., 31, the recently decided case of *Merchants Exchange of St. Louis, Mo., v. Baltimore & Ohio Railroad Company et al.*, 34 I. C. C., 341, and others, the relation between state and interstate rates was directly put in issue and decided. Considering the vast extent of territory to which the rates in issue are applicable, the enormous volume of the traffic, the unusually wide discrepancy existing between state and interstate rates, and the very substantial effect which the lower state rates must have upon the revenue derived from live stock by these carriers, it may be said that the Commission has never before had a case comparable in this respect with that part of the present proceeding which deals with the rates on live stock and packing-house products. For these reasons we believe that the difference in the level of state and interstate rates which has been so forcefully pressed upon our attention in this case becomes a material factor in judging of the propriety of the proposed increased rates.

Several references have heretofore been made to earlier proceedings involving rates on live stock. Some of these rates have been in effect less than three years and litigation arising out of the orders therein is still pending in the courts. As previously stated, no substantial change in conditions since the determination of those cases has been shown.

Taking into view our former decisions, the material modifications in the revenue statistics presented which would result from the segregation of state from interstate earnings, the relation of interstate to intrastate rates, and all the other facts of record, it is our judgment and determination that the carriers have failed to establish the propriety of the proposed increased rates on live stock.

The elimination of trainload and multiple carload rates has been justified.

PACKING-HOUSE PRODUCTS, FRESH MEATS, FERTILIZERS, AND GREEN
SALTED HIDES.

Claiming that market competition and other causes have tended to make present rates subnormal and that special services and costs incident to the traffic justify higher rates than the average on all commodities, the respondents have in this proceeding proposed increases in the rates on packing-house products, fresh meat, fertilizer and fertilizer materials, and green salted hides. Rates given are in cents per 100 pounds unless otherwise stated.

Packing-house products and hides usually take the same rate, and in western classification are fifth class; fresh meats are third class, and fertilizer and fertilizer material class E. "Packing-house products," except where otherwise stated, will include hides. The proposed increases in the southwest are on a different basis from those in the remaining territory. Including the territory as a whole, increases are proposed from Fort Worth, Tex., Oklahoma City, Okla., Wichita, Kans., from the packing plants on the Missouri River, from St. Paul and Austin, Minn., and points in Iowa to the Mississippi and Ohio rivers and to Chicago.

Generally the increase proposed is $3\frac{1}{2}$ cents on both packing-house products and fresh meat; and in the proposed rates on packing-house products the fifth-class rating is usually fixed as a maximum. The amount of $3\frac{1}{2}$ cents seems to have been adopted because that amount added to the present rate on packing-house products from the Missouri River to Chicago and St. Louis equals the present fifth-class rate. The increase from Wichita, Kans., to Kansas City, Mo., is $3\frac{1}{2}$ cents on fresh meat and 6 cents on packing-house products. This Commission found in *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160; 23 I. C. C., 656, that rates to Kansas City from Fort Worth and Oklahoma City should exceed rates from Wichita by 75 and 40 per cent, respectively. As a consequence the increases proposed from Fort Worth and Oklahoma City exceed $3\frac{1}{2}$ and 6 cents, and a like excess appears in rates from these points to points which base on Kansas City. The rates between Missouri River points, except as to Sioux City, are proposed to be increased to the fifth-class rating. This results in proposed increases in these rates from 1 to 7 cents. Between Sioux City and other Missouri River markets some increases are more than 7 cents, although the fifth-class rate is not reached. From Missouri River points and from the southwest to Chicago and Mississippi River crossings the increase is $3\frac{1}{2}$ cents. The proposed increases from points in Iowa are from 1 to $3\frac{1}{2}$ cents. The chairman of the western trunk line tariff committee testified that if any of the proposed rates on packing-house products

exceed the rating of fifth class, it was a mistake which would be corrected.

The rates based on the mileage scale prescribed in *Investigation of Unreasonable Rates on Meats*, 22 I. C. C., 160; 23 I. C. C., 656, apply to interstate shipments from Wichita, Oklahoma City, and Fort Worth to points in Kansas, Oklahoma, Texas, New Mexico, Arkansas, to a few points in Missouri south of the Missouri River, and to Louisiana west of the Mississippi River, and from St. Louis and Kansas City and points taking related rates to Arkansas and Louisiana. It is proposed to increase these rates 20 per cent on packing-house products and 25 per cent on fresh meat. Illustrative of the increases we insert the following table:

*Tables of rates, in cents per 100 pounds, present and proposed, on packing-house products and fresh meats for representative movements.**

[(a) Present rates; (b) proposed rates.]

From—	To—	Distance (miles).	Packing-house products.		Fresh meats.	
			(a)	(b)	(a)	(b)
Fort Worth, Tex. ¹	Durand, Okla.....	116	18.0	22.0	22.0	28.0
Do.....	Kansas City.....	507	21.0	31.5	22.5	38.5
Oklahoma City, Okla. ¹	Vicksburg.....	579	40.0	43.5	55.0	58.5
Wichita, Kans. ¹	Kansas City.....	213	12.0	18.0	18.5	22.0
Missouri River ¹	Chicago.....	500	23.5	27.0	23.5	27.0
Fort Worth ¹	St. Louis.....	735	36.0	39.5	47.5	51.0
Do. ²	East St. Louis.....	735	32.75	36.25	35.5	39.0
Do. ³	Memphis.....	521	28.0	31.5	33.5	37.0
Do. ⁴	do.....	521	19.0	22.5	24.0	27.5
Do. ⁵	do.....	521	21.0	24.5	23.0	26.5
Do. ⁶	do.....	521	18.0	21.5	26.0	29.5
Kansas City ¹	Chicago.....	451	23.5	27.0	23.5	27.0
Kansas City ¹	Des Moines.....	220	15.0	18.5	15.0	18.5
Do. ¹	St. Louis.....	276	18.5	22.0	18.0	22.0
Do. ¹	St. Joseph.....	63	5.0	10.0	11.0	14.5
St. Louis City ¹	Omaha.....	102	6.0	8.60	12.5	12.5
Cedar Rapids ¹	Chicago.....	219	13.5	17.0	13.5	17.0
Mason City ¹	do.....	355	16.0	19.5	18.0	21.5
Do. ¹	St. Paul.....	138	15.0	17.0	18.5	22.0
St. Louis ¹	do.....	576	21.0	21.0	28.5	32.0

* Where no proportional rate is given none is published.

¹ Local.

² Local and proportional.

³ Proportional only.

⁴ Proportional to Carolina.

⁵ Proportional to southeast, northern portion.

⁶ Proportional to southeast, southern portion.

Rates applicable locally and proportionally on fertilizer, including tankage and dried blood, are proposed to be increased 70 cents per ton from the packing houses in Texas, Oklahoma, Kansas, and western trunk line territory to Memphis and other Mississippi River crossings south thereof.

Packing houses were established at Fort Worth in 1903 and at Oklahoma City in 1910. The proposed local rates on packing-house products and fresh meats from Fort Worth to Kansas City, Chicago,

and St. Louis are about one-half of the rates effective in August, 1903; proposed local rates to Memphis and New Orleans are higher by $6\frac{1}{2}$ cents than they were in 1903; proposed proportional rates to East St. Louis, Memphis, and New Orleans are higher from one-half cent to $3\frac{1}{2}$ cents than they were in 1903.

All rates from Fort Worth are lower now than they were when the packing houses were there established, except proportional rates for the southeast and local rates to New Orleans, the first of which are the same, and the second of which are 3 cents higher. The history of rates from Oklahoma City is similar to that from Fort Worth, comparing rates in 1910, when the packing houses were established, with current and proposed rates. In 1903 the rates on green salted hides were lower than the rates on packing-house products but were higher in 1903 from Fort Worth and in 1910 from Oklahoma City than are the proposed rates. The proposed rates on fertilizer are from $2\frac{1}{2}$ to $4\frac{1}{2}$ cents higher than they were in 1903 and 1910 from both Fort Worth and Oklahoma City.

Local rates between the Missouri River points, which protestants say affect chiefly interplant movements, have not materially changed in the last 10 years, and the proposed rates are higher than any rate during that time. From Kansas City and St. Joseph to the Mississippi River and Chicago, and from Omaha to Chicago current rates which are proposed to be increased $3\frac{1}{2}$ cents are the same as from 1892 to 1902, and higher than from 1902 to 1910, while rates from Sioux City to the Mississippi River, likewise proposed to be increased, are higher now than in 1905 and the same as since 1910, except as to the rate on fresh meat, on which both the present and the proposed rates are lower than in 1910.

Proportional rates from Kansas City to Chicago and the Mississippi River over the lines of the Chicago & Alton and the Wabash are maintained under contracts not yet expired. Under these contracts the proportional rates are to Chicago $18\frac{1}{2}$ cents, to St. Louis $13\frac{1}{2}$ cents; and the local rates at the time of the hearing were to Chicago 20 cents, and to St. Louis 15 cents. The proposed rates, both local and proportional, from Kansas City to Chicago over the other lines are 27 cents, and to the Mississippi River 22 cents. The Wabash, whose lines reach Omaha, proposes the same increase from that market as do the other respondents.

Rates affected by the mileage scale were prescribed by the Commission December 11, 1911, *Investigation of Alleged Unreasonable Rates on Meat*, 22 I. C. C., 160. The rates based on this scale were in some instances higher and in others lower than the preexisting rates; on an average the mileage scale probably made little change. *Investigation and Suspension Docket 93*, 23 I. C. C., 652.

In central freight association territory and to some points west of western trunk line territory packing-house products are rated as fifth class and fresh meats take somewhat lower rates than third class. Locally in Iowa and to Portland, Oreg., Spokane, Wash., and San Francisco, Cal., the western classification of fifth and third class applies.

An exhibit filed by a witness for the packers showed the value of these products at the packing houses to be as follows:

Average value per ton of animal products, year ending September 28, 1914.

Commodity.	Kansas City.	South St. Joe.	South Omaha.
Fresh meat.....	\$204	\$223	\$222
Cured meat.....	251	280	265
Lard.....	213	212	212
Tallow and grease.....	140	134	128
Oil and stearin.....	187	170	178
Hides.....	291	364	345
Fertilizer.....	32	30	37

The rates here involved affect practically all of western trunk line and southwestern tariff committee territories, and some effort has been made in proposing these rates to effect a proper relation of the rates from and to different markets.

Seeking to justify the increases in the tariffs here under suspension respondents say that market competition, the concentrated character of the business, and the control of a large tonnage have made effective demands for the maximum of service and the minimum of rates; that the loading, both absolutely and relatively to the weight of the car, is light; that refrigeration is necessary; that the ice therefor is hauled without extra charge; that expedited movement is required; that cars carrying the traffic must be hauled empty to points of origin; that the special equipment used necessarily causes injury to other equipment; and that the claims for loss and damage are large.

All parties agree that in the territory affected by the tariffs here under suspension the volume of this particular traffic is large. Nor can it be disputed that a relatively few shippers can designate the routing of the larger part of this traffic. Commodity rates have been provided. Special contract rates have been granted, so low that other carriers in certain instances have preferred to abandon the traffic rather than to meet the contract rates.

The carload minimum on packing-house products is generally 26,000 pounds, though where shipments move east of the Illinois-Indiana state line a minimum of 30,000 pounds applies. The minimum on fresh meat is 20,000 pounds and on mixed cars of packing-house products and fresh meat the minimum is 24,000 pounds. From the comparatively few cars the loading of which was

shown of record it appears that packing-house products load from 26,000 to 39,000 pounds, fresh meat from 21,000 to 26,500 pounds, and the mixture of the two less than the minimum. Respondents use in their tables a loading of 30,000 pounds on packing-house products and 24,000 pounds on fresh meat. Statistics of record for six roads show average loading on these commodities and on all carload commodities as follows:

Average loading per car (tons), years ended June 30, 1913 and 1914.

Road.	Year 1913.			Year 1914.		
	Dressed meat.	Packing-house products.	All ¹ carload freight.	Dressed meat.	Packing-house products.	All ¹ carload freight.
Atchison, Topeka & Santa Fe.....	12.68	14.93	24.10	12.38	15.35	24.79
Rock Island lines.....	11.65	16.54	23.82	11.69	16.69	24.7
Missouri, Kansas & Texas.....	11.45	15.00	23.64	11.39	15.21	24.4
St. Louis & San Francisco.....	15.00	15.00	26.51	12.00	16.00	27.2
Chicago & North Western.....	12.90	15.50	25.27	12.70	15.30	25.9
Chicago, St. Paul, Minneapolis & Omaha..	12.90	15.50	23.45	13.70	15.10	24.4

¹ Classified carload freight only, excluding miscellaneous commodities and merchandise.

The average weight of the refrigerator cars used in this traffic is about 22 tons, the weight of the car exceeding the weight of the revenue freight. In addition to hauling a car heavier than the average, there must be hauled from 3,000 to 6,000 pounds of ice, for the hauling of which no charge other than that contained in the rate on the commodity is made. The minimum weight is estimated without reference to the weight of the ice. There is a switching service incident to re-icing.

Expedited service is necessary and is accorded these products. If 10 cars or more are offered, a special run, if necessary, is made; connections must be made with trains for the eastern markets; cars are concentrated to care for the movement; cars in certain instances must be detached from the trains and switched in different directions to branch houses. The percentage of the empty to the loaded haul is 70 on 5 southwestern roads, as stated by a witness for respondents; another witness gives as the average for 10 roads this percentage as 73.6 per cent; and for the business of one large packer such percentage as given by its witness is approximately 80. The average empty to loaded on all traffic is about 50 per cent. These considerations are somewhat offset by the saving that results from the volume of traffic concentrated at a few points and the regularity of the traffic.

That the refrigerator cars are used to some extent in hauling other traffic and the interplant movement are said to explain why the percentage of empty to loaded haul is not higher.

Claims for loss and damage are stated by respondents to be in excess of the average of all traffic. One witness for the shippers said that the claims paid to his company for six months, excluding claims for wrecks, amounted to 19.4 cents per car hauled. A witness for another packer testified that his company received on loss and damage claims 1 per cent of the freight paid. It can not be said that these figures show large loss and damage claims, and respondents failed to present any facts supporting the claim of large loss and damage payments. Brine leaking from packers' cars causes injury to tracks and interlocking plants, but respondents admitted that this condition was being remedied by the packers.

Protestants show that there is no special assembling cost incident to the traffic; that no transit is granted; that the movement is large and regular; that hog hair, hides, and tallow are not moved in refrigerator cars and should not be charged with the empty movement thereof, and that the loss and damage payments are not large relative to other traffic. Attention is called to the fact that intrastate rates have not been increased, and that the rates from Kansas City over the Chicago & Alton and the Wabash are lower than rates from competing markets. In connection with live stock we have discussed the effect of a failure to obtain increases in intrastate rates, and what was there stated applies here.

Prior to May 10, 1910, rates from the Missouri River to Chicago and the Mississippi River were higher on live stock than on the products thereof. On that date the rates on the products were increased to the rates on live stock. By increasing these rates on live stock 2.5 cents and on the products 3.5 cents, the increases here proposed would result in destroying the existing parity in the rates. In *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160, we prescribed packing-house product rates 40 per cent higher than the live-stock rates and fresh-meat rates 20 per cent higher than packing-house product rates. Live stock shipped from points west of the Missouri River may be stopped and unloaded at the markets on the Missouri River and thereafter reshipped at the remainder of the through rate from the point of origin to Chicago, the Mississippi River, or east thereof. The average of this remainder of the through rate is less than either the local or proportional rates on the products. This appears from a table of record showing the average excess in the rates on live stock Mississippi River over Omaha of 8.97 cents and of Chicago over Omaha of 15.65 cents. To obtain this average, rates from states in the southwest, like Texas, and from states in the northwest, like Oregon, are used, from which the haul to Chicago via Omaha would be an out of line haul. If the rates from states directly west of Omaha are used, the remainder

becomes greater and more nearly approximates the rates on packing-house products and fresh meats. Packers located on the Missouri River claim that the present relationship between the rates on the live animal and the product constitute a discrimination in favor of packers in the east, and that such discrimination is augmented by a greater increase on the product than on the live animal.

It is contended that the rates from the Missouri River are relatively higher than rates from interior Iowa, and that the rates to St. Paul as contrasted with rates to Chicago present the same situation. These rates, except the rate on packing-house products from Chicago to St. Paul, are proposed to be increased equally, making no change in the present relationship. The present rate of 20 cents on packing-house products from Chicago to St. Paul being the fifth-class rate, no increase is proposed.

Packers located in Iowa cities claim that their products move east at higher rates than the live animal, thus benefiting large packers east with whom they compete. The packing house at Austin, Minn., which claims not to meet with competition from the large packers but only from the small packers in Iowa, contends that Iowa packers have a lower proportional rate to the Mississippi River than it has and that it pays higher rates on fresh meats than on packing-house products, while the Iowa packer pays the same rates on the two.

Answering the several contentions as to the relation of rates, we may quote our holding made on similar questions in *Investigation and Suspension Docket 93*, 23 I. C. C., 652, 655, where we said:

It may be that the resulting rates will be justly open to attack upon the ground of discrimination in favor of these more distant points, as compared with Wichita or the more southerly packing centers, but this condition is not presented or developed by this record. If it is conceived that the resulting rate is unduly discriminatory against any particular locality or description of traffic, complaint may be filed specifically presenting that matter, and nothing herein contained is to be taken as an adjudication upon a question so presented.

The witness for the respondents in the southwestern territory testified that it was not the intention that any of the rates on packing-house products should exceed the fifth class, and the witness for the respondents in western trunk line territory said that any such rate exceeding the fifth-class rating would be corrected. We held in *Cudahy Packing Co. v. A., T. & S. F. Ry. Co.*, 32 I. C. C., 560, that under the facts there a rate on packing-house products in excess of the fifth-class rate was unreasonable. There is no uniform relation between the packing-house product rates and the rates on fresh meat. In some parts of the territory the rates are the same, in others the fresh-meat rates exceed those on packing-house products.

Respondents present a table showing for representative southwestern shipments comparisons of the proposed rates on packing-house products with the rates on fifth and third classes. We insert part of this table:

From and to—	Distance.	Fifth class.	Third class.	Packing-house products.	Fresh meat.
	<i>Miles.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Galveston, Tex., to Oklahoma City, Okla.	550	57	80		
Oklahoma City, Okla., to Galveston.				59.0	73.75
Galveston, Tex., to Wichita, Kans.	700	68	94		
Wichita, Kans., to Galveston, Tex.				65.5	80.5
Houston, Tex., to Opelousas, La.	219	33	50	32.5	41.5
Houston, Tex., to Winnfield, La.	302	64	85	46.75	57.75
Shreveport, La., to Marshall, Tex.	42	16	20		
Mileage scale plus 20 per cent on packing-house products and 25 per cent on fresh meat for same distance.				13.5	17.0
Shreveport, La., to Mineola, Tex.	111	28	41		
Mileage scale plus 20 per cent on packing-house products and 25 per cent on fresh meat for same distance.				22.0	28.0
Shreveport, La., to Willis Point, Tex.	142	32	47		
Houston, Tex., to Lake Charles, La.	144			23.5	36.5
Shreveport, La., to Mesquite, Tex.	178	37	54		
Mileage scale plus 20 per cent on packing-house products and 25 per cent on fresh meat for same distance.				27.75	34.5
Shreveport, La., to Nacogdoches, Tex.	92	25	35		
Mileage scale plus 20 per cent on packing-house products and 25 per cent on fresh meat for same distance.				20.75	26.0

—(Leland's Exhibit 9.)

Basing their conclusion on another exhibit of the respondents showing this relation for the southwestern and trans-Missouri territories, protestants show:

	<i>Cents.</i>
Average rate on packing-house products.	37.6
Average rate on fresh meats.	47.9
Average fifth-class rate.	55.9
Average third-class rate.	72.5

Average packing-house product rate is 67.3 per cent of average fifth class.

Average fresh-meat rate is 66.1 per cent of average third class.

The rates resulting from the mileage scale prescribed in *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160, are less than the fifth and third class rates prescribed in the *Shreveport case*, 23 I. C. C., 31. These were compared in a table, part of which we insert.

35 I. C. C.

Distance.	Docket 3918 (23 I. C. C., 31).		Docket 4262 (22 I. C. C., 160).	
	Third class.	Fifth class.	Fresh meats.	Packing- house products.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
143.2 miles.....	47	32	32½	27½
147 miles.....	48	33	34½	27½
151 miles.....	49	33	34½	28
151.4 miles.....	49	33	34½	28
157.9 miles.....	51	34	35	28½
159.2 miles.....	51	34	35	28½
161.9 miles.....	51	35	35½	29
167.3 miles.....	51	35	36½	29½
169.4 miles.....	52	36	36½	29½
175.4 miles.....	53	36	37	30½
177.6 miles.....	54	37	37	30½
182.3 miles.....	55	37	38	30½
187.5 miles.....	56	38	38½	31
194.2 miles.....	58	39	38½	31½
203.4 miles.....	58	40	40	32½
208.8 miles.....	59	40	40	33½
213.6 miles.....	59	41	41½	33½
230.7 miles.....	60	43	42½	35

The rates proposed from Fort Worth, Oklahoma City, and Wichita both local and proportional to East St. Louis, Memphis, and New Orleans are lower, and in some instances very considerably lower, than either the fifth-class rating or rates that would result from projecting the mileage scale for the distances involved.

The record establishes that from markets on the Missouri River and from Austin and St. Paul, Minn., to Cairo, Ill., and neighboring towns and from Wichita, Kansas City, South Omaha, and Sioux City to some stations in Arkansas and Louisiana the proposed rates on packing-house products are in excess of fifth-class rates.

From Fort Worth to Mississippi River crossings, Memphis, Vicksburg, and New Orleans, the local rates on hides are applied as proportional rates to the southeast. These rates so applied as proportionals are proposed to be increased above the packing-house products proportional rates. There is no justification for this, and such rates on hides when applied as proportionals to the southeast should not exceed the contemporaneously maintained proportional rates on packing-house products.

Taking the 116 commodities classed in the western classification as third class, but given special commodity rates, and comparing the rates thereon between Fort Worth and St. Louis and Memphis, the average rates, according to respondents' witness, are: St. Louis, 82.3 cents; Memphis, 73.82 cents, while the fresh-meat rates proposed from Fort Worth are:

	<i>Cents.</i>
To St. Louis, local.....	51
To East St. Louis, proportional.....	39
To Memphis, local.....	37
To Memphis, proportional for—	
Carolina.....	27½
Southeast, northern portion.....	29½
Southeast, southern portion.....	26½

A similar comparison made by respondents between the commodity rates on commodities rated fifth class and the proposed rates on packing-house products shows: Average of the commodities to St. Louis, 54.4 cents; to Memphis, 50.14 cents. The packing-house rates are as follows:

	Cents.
To St. Louis, local.....	39½
To East St. Louis, proportional.....	36½
To Memphis, local.....	31½
To Memphis, proportional for—	
Carolina.....	22½
Southeast, northern portion.....	24½
Southeast, southern portion.....	21½

Like comparisons using Oklahoma City and Wichita instead of Fort Worth show similar relations.

Tables of revenue comparisons were presented by respondents, from which the following statements have been compiled:

From—	To—	Fresh meat per gross ton-mile.	Combining loaded and empty haul.	Average of third-class commodities per gross ton-mile.	Combining loaded and empty haul.
		Cents.	Cents.	Cents.	Cents.
Fort Worth.....	St. Louis.....	0.490	0.337	0.780	0.619
Do.....	Memphis.....	.501	.344	.935	.746
Oklahoma City.....	St. Louis.....	.578	.366	1.002	.800
Do.....	Memphis.....	.536	.369	1.159	.900
Wichita.....	St. Louis.....	.523	.360	1.212	1.046
Do.....	Memphis.....	.495	.341	1.081	.947
Kansas City.....	St. Louis.....	.528	.358	.856	.742
Do.....	Memphis.....	.559	.371	.615	.537
Sioux City.....	St. Louis.....	.387	.268	.552	.482
Do.....	Chicago.....	.387	.268	.552	.482
St. Paul.....	St. Louis.....	.312	.207	.402	.348
Do.....	Chicago.....	.396	.262	.562	.488
Kansas City.....	Wichita.....	.729	.502	1.477	1.187

From—	To—	Packing-house products per gross ton-mile.	Combining loaded and empty haul.	Average of fifth-class commodities per gross ton-mile.	Combining loaded and empty haul.
		Cents.	Cents.	Cents.	Cents.
Fort Worth.....	St. Louis.....	0.435	0.307	0.672	0.591
Do.....	Memphis.....	.490	.346	.845	.742
Oklahoma City.....	St. Louis.....	.530	.374	.880	.771
Do.....	Memphis.....	.524	.370	.920	.804
Wichita.....	St. Louis.....	.473	.335	.852	.746
Do.....	Memphis.....	.487	.344	.819	.686
Kansas City.....	St. Louis.....	.643	.429	.551	.487
Do.....	Memphis.....	.527	.361	.431	.390
Sioux City.....	St. Louis.....	.397	.265	.406	.359
Do.....	Chicago.....	.428	.286	.406	.359
St. Paul.....	St. Louis.....	.296	.198	.289	.267
Do.....	Chicago.....	.398	.265	.392	.345
Kansas City.....	Omaha.....	.642	.437	.554	.483
Do.....	Wichita.....	.685	.484	1.027	.908

Protestants contend that these tables are valueless and that by comparing net ton-miles a different result will be obtained.

Protestants urge that in the basic tables from which these rate and revenue comparisons are taken, rates for average distances are compared with rates between specific points, and rates in one direction are compared with rates in the opposite direction, and that the amount of the traffic moving on commodities the rates on which are compared with the packers' products is not given. These facts call to our attention limitations on the value of such comparisons, but notwithstanding that conclusions can not be drawn with mathematical certainty, such facts are valuable.

The rates prescribed in *Hormel & Co. v. C., M. & St. P. Ry.*, 26 I. C. C., 112; 30 I. C. C., 98, are lower than rates here proposed for similar distances in the same territory. In the first opinion in that case we fixed rates from Austin, Minn., with relation to the then rates from Iowa points, and in the second opinion we fixed rates from South St. Paul with relation to the rates previously fixed from Austin. The increases proposed here do not change that relation. The suspended rates from Chicago to St. Paul are higher than rates proposed in the opposite direction, though the difference is less under the proposed than under the present rates.

Comparisons are made by protestants of the yield per net ton-mile on packers' products with the yield from all carload traffic. These show generally that the yield on these products is higher than the average of all carload traffic.

The mileage scale of rates was prescribed in *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160, and these rates are here proposed to be increased 20 per cent on packing-house products and 25 per cent on fresh meats. A comparison between these proposed rates and the third and fifth class rates fixed by the Commission in the *Shreveport case*, 23 I. C. C., 31, as shown by a table hereinbefore inserted, shows that for distances over 150 miles the rates on packing-house products and fresh meats are lower than the corresponding class rates fixed by the Commission. Furthermore, rates under the mileage scale are higher for equal mileages than are the rates to Chicago and the Mississippi River.

Rates between the Missouri River markets are said of record to be interplant and to involve no empty haul. These rates as proposed are on the fifth-class basis for packing-house products, an adjustment observed generally in the increases proposed.

Protestants discuss the loading, the average revenue per car, per car-mile, and per ton-mile under the proposed rates, and emphasize the large percentages of increase proposed. These rates, applying between large and important packing-house centers, obviously serve a somewhat different purpose from that served by rates applying

from producing centers to consuming markets. The present and proposed rates, in cents per 100 pounds, and the approximate distances are as follows:

	Distance.	Fresh meat.		Packing-house products.	
		Present.	Proposed.	Present.	Proposed.
	<i>Miles.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Between St. Joseph, Mo., and Kansas City, Kans....	82	11	14.5	5	10
Between Kansas City, Mo., and South Omaha, Nebr.	196	16	19.5	12	16
Between Sioux City, Iowa, and Kansas City, Mo....	343	20	23.5	15	23.5
From Sioux City, Iowa, to South Omaha, Nebr.....	102	12.5	16	6	8.7
From South Omaha, Nebr., to Sioux City, Iowa.....	102	12.5	16	7.5	8.7

¹ The rate on salted meats, sweet pickled meats, and lard, in straight carloads, is 9; proposed, 16.

² The rate on salted meats, sweet pickled meats, and lard, in straight carloads, is 12; proposed, 23.5.

³ Applies on minimum of 20,000 pounds. The rate on minimum of 10,000 pounds is 15; proposed, 18.5.

It will be noted that it is not proposed to make the rates on fresh meats and packing-house products the same except between Sioux City and Kansas City, and that on the basis of the distance or service the proposed rates are not relatively harmonious. As stated, the proposed rates are on the fifth-class basis for packing-house products. Some of the existing rates between these Missouri River points are manifestly low, and justification for some increase in some of them is shown.

Upon the whole record we are of opinion and find that the proposed rates on fresh meats and packing-house products between the Missouri River points named have been justified to the extent that they do not exceed the following, in cents per 100 pounds, in carloads:

	Packing-house products.	Fresh meats.
Between St. Joseph, Mo., and Kansas City, Kans.....	10	12.5
Between South Omaha, Nebr., and Kansas City, Mo.....	16	19.5
Between Sioux City, Iowa, and South Omaha, Nebr.....	10	12.5
Between Sioux City, Iowa, and Kansas City, Mo.....	20	23.5

A witness for the protestants testified to estimates of cost for hauling packing-house products. These estimates showed an operating ratio of 59.48 per cent on the Chicago & Alton and of 64.20 per cent on the North Western. Certain weaknesses which were pointed out regarding these estimates cast doubt upon their general applicability.

The same facts presented by the carriers as a justification for increases in packing-house product rates are urged in support of increases in the rates on hides, and comparisons similar to those stated herein offered as to packing-house products were presented as to hides. In *Crowdus Bros. v. A., T. & S. F. Ry. Co.*, 29 I. C. C., 35 I. C. C.

449; 32 I. C. C., 355, complainants and interveners, some of whom are protestants here, sought the same rate on hides as the then packing-house product rates. In holding in that case that the rates on hides should be no higher than current rates on packing-house products, we said:

It is argued that the rates on hides and pelts should be the same as on packing-house products. In the western classification, applicable in the absence of specific rates, throughout the territory involved, they are rated with packing-house products. In official classification territory green hides and pelts take fifth class, as do most packing-house product articles. The tariffs in effect provide, and for several years have provided, equal rates on hides and pelts and on packing-house products from Missouri River points to St. Louis and Chicago, and likewise equal rates from interior Kansas points, such as Wichita, Arkansas City, Hutchinson, and Coffeyville, to Kansas City, St. Louis, and Chicago. Prior to the present adjustment hides and pelts from north Texas points have taken higher rates than packing-house products. To-day, by reason of the reduction of April 2, 1913, the rate on hides and pelts from the north Texas points is one-half cent lower than on packing-house products.

* * * * *

The inherent characteristics of hides and pelts, many of which are matters of common knowledge, are not such as to justify any higher rate than on packing-house products. They load heavily, the loading in the instant case being apparently above 40,000 pounds on the average. The risk of loss or damage is comparatively slight; they can be loaded in any kind of box cars and no expedited service is required.

Hides are more valuable than other commodities taking the packing-house product rates, but they can be and usually are loaded heavier, though the minimum carload weight is the same, and they require no refrigeration, expedited service, or special equipment. On the facts of this record we see no reason why the rates on hides should be higher than those on packing-house products.

The proposed increases in fertilizer rates apply from the packing centers to southern Mississippi River crossings, locally and proportionally to the southeast, and chiefly on shipments of dried blood and tankage valued at from \$30 to \$40 per ton. The proposed increase is 70 cents per ton, except from Fort Worth to New Orleans proper, where there is no increase, and from Fort Worth to Vicksburg proper, where the increase is 65 cents per ton.

The classification basis for fertilizer rates is class E, though some of the increases proposed would exceed the rating on that class. It is also proposed to increase the minimum carload weight from 30,000 to 40,000 pounds from Fort Worth and Oklahoma City, but no increase in the minimum is proposed from Wichita and Missouri River points. A witness for the packers testified that the proposed minimum could be loaded but that it was not safe to load over that amount. One of the witnesses for the protestants presented a table showing certain mileage rates. Using this table for the greatest distances shown we have the following:

Authority.	Distance (miles).	Rate per net ton- mile in mills.
18 I. C. C., 1, from Memphis west.....	400	7.5
22 I. C. C., 587, from Charleston to North Carolina.....	340	8.6
Georgia scale.....	450	7.6
Florida scale.....	400	4.7
North Carolina scale.....	380	8.7
Texas scale.....	320	10.0
Oklahoma scale.....	500	7.0
Indiana scale.....	320	6.6
Proposed from St. Louis.....	767	5.98
Proposed from Kansas City.....	845	6.35
Proposed from Fort Worth.....	480	7.51

In *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160, we said that the proportional rate from Fort Worth to Memphis on business destined to the southeast should be 3 cents less than such rate from Kansas City and Oklahoma City. We see no reason on this record to change that ruling.

In *Hormel & Co. v. C., M. & St. P. Ry. Co.*, 26 I. C. C., 112; 30 I. C. C., 98, we prescribed rates on fresh meat and packing-house products from Austin, Minn., to Chicago, Ill., and our order in that case does not expire until July 1, 1916. In this proceeding it is proposed to increase the rates so fixed by us, and the tariff is published effective July 1, 1916.

The most of what was stated in our conclusions with respect to live stock applies to packing-house products. We must find that, with the exception which we have noted as to the rates on fresh meats and packing house products between the Missouri River points, the proposed increases on packing-house products, fresh meats, hides, and fertilizers, have not been justified.

COAL AND COKE.

It is proposed by tariffs under suspension to increase the rates on bituminous coal from mines in Indiana, Illinois, Kentucky, Alabama, Missouri, Arkansas, Oklahoma, Kansas, Colorado, New Mexico, and Iowa, and from the docks on Lakes Michigan and Superior when shipped to points in western trunk line and southwestern tariff committee territories. Some reductions are proposed and the increases are either 5 or 10 cents per ton. The increased revenue is 5.36 per cent of the present revenue on bituminous coal.

By taking the reports for one week in May and one week in October, 1914, of the roads hauling 86.5 per cent of the coal traffic involved, and multiplying the amounts so shown by 26 to obtain estimates for a full year, and by applying the same basis to the roads not reporting, the respondents give fairly accurate figures which show

present rates, weighted haul, revenue per net and gross ton-mile, and average load. These show:

	12 roads in south-western and trans-Missouri territory.	18 roads in western trunk line territory.
Total mileage operated.....	24,007	49,720
Tons originated (estimated for the year).....	4,028,702	8,981,948
Average weighted haul (miles).....	256	227
Average rate per ton.....	\$1.45	\$1.39
Average revenue per net ton-mile (mills).....	5.08	4.39
Proposed increase for 27 roads is (mills).....	.26	.....
Average revenue per gross ton-mile (mills).....	3.97	3.29
Proposed increase for 27 roads is (mills).....	.18	.....
Proposed average rate per ton.....	\$1.523	\$1.508
Proposed increase per ton.....	\$0.076	\$0.098
Average net load per car for 27 roads (tons).....	41.63	.....

Combining the two groups the percentage of increase is 5.36, the average weighted haul 303 miles, the average present rate per ton \$1.483, and combining 90 per cent empty haul, the present revenue per gross ton-mile is 2.84 mills.

Rates have been so adjusted by the carriers that mine operators in the general territory may sell their output in common markets. To do this, rates from the mines located at the greater distances must be accorded rates which yield less per ton-mile than the rates from the nearer mines. In other cases the necessity of maintaining rates at intermediate points no higher than rates to the terminal point makes rates to intermediate points lower than rates to points for similar distances where the rule of the fourth section does not apply. The table following shows representative rates, present and proposed, and the revenue per net ton-mile which the proposed rates would yield.

Representative bituminous coal rates on which increases are proposed.

From—	To—	Distance.	Present rate per ton.	Proposed rate.	
				Per ton.	Per net ton-mile.
		<i>Miles.</i>			<i>Cents.</i>
Peoria, Ill.....	Des Moines, Iowa.....	250	\$1.70	\$1.80	0.729
Do.....	St. Paul, Minn.....	462	1.50	1.60	.346
Do.....	Huron, S. Dak.....	649	2.55	2.65	.008
Duluth, Minn.....	Woonsocket, S. Dak.....	524	2.55	2.65	.008
Do.....	Aberdeen, S. Dak.....	458	2.55	2.65	.008
Girard, Ill.....	Kansas City, Mo.....	305	1.80	1.90	.023
Centralia, Ill.....	Madison, Wis.....	337	1.40	1.45	.020
Milwaukee, Wis.....	Chamberlain, S. Dak.....	622	3.40	3.50	.008
Springfield, Ill.....	Sioux City, Iowa.....	600	2.09	2.19	.008
Cornell, Kans.....	Kansas City, Kans.....	129	.70	.75	.008
Pittsburg, Kans.....	St. Joseph, Mo.....	191	.90	1.00	.020
Do.....	South Omaha, Nebr.....	323	1.35	1.45	.009
Southern Illinois group.....	Alexandria, La.....	645	3.53	3.63	.008
Do.....	Pine Bluff, Ark.....	335	2.35	2.35	.004
Do.....	Brownwood, Tex.....	368	2.65	2.75	.007
Alabama mines ¹.....	.....	820	4.80	4.90	.008
New Mexico, Dawson district.....	.....	831	3.75	3.85	.008
Colorado, Trinidad district.....	.....	730	3.75	3.85	.008
Lehigh-Coalgate, Okla.....	.....	368	2.65	2.75	.007
McAlester, Okla.....	.....	434	2.65	2.75	.004
Calhoun, Okla.....	Dallas, Tex.....	383	1.35	1.35	.008
McAlester, Okla.....	Winfield, La.....	426	2.25	2.35	.008
Hartford, Ark.....	Altus, Okla.....	430	2.85	2.45	.008
Do.....	Oklahoma City, Okla.....	307	1.45	1.55	.008
Robinson, Colo.....	Amarillo, Tex.....	297	3.00	3.10	1.044
Trinidad, Colo.....	.....	266	2.75	2.85	1.113

¹ Distance from Birmingham, Ala., as given in W. W. Miller Exhibit 4.

It is estimated by a witness for the respondents that the ratio of empty to loaded mileage is 90. On the St. Louis & San Francisco road from May 1 to December 1 in 1914 this ratio was by actual test 94.79; on the Chicago & Alton the ratio for one year was 82.2; while the average is given in Table 28 as 89.

That trainloads are not hauled in the southwest appears from a table showing the average daily production for December, 1914, of mines on the St. Louis & San Francisco Railroad, which may be accepted as representative of the section, as follows:

District.	Output (cars).			Total working days.	Number of mines.	Average number of cars per mine per day.
	Com-pany.	Com-mercial.	Total.			
Alabama.....	710	3,069	3,779	26	31	4.88
Arkansas.....	330	522	852	26	16	2.13
Southeastern Kansas.....	1,099	3,940	5,039	26	96	2.12
Missouri.....	66	244	310	26	5	2.48
Oklahoma.....	559	531	1,090	26	16	2.73
Total.....	2,764	8,306	11,070	26	163	2.72

While no such definite information is given as to the western roads, comparing the mileage operated with the tons originated, as shown in the table first above, it is deducible that there can, on the average, be little trainload movement in this territory.

Coal mines are usually located off the main line of the carriers, thus necessitating a switching movement to and from the mines of an average of over a mile; cars when placed on tracks leading to the mines earn no demurrage; the average tare weight of the car is about 18.5 tons; and the average weight of the load is about 41 tons.

Bituminous coal is not stored at the mines, but is loaded as mined; and because of this and the resulting facts that cars are sometimes ordered and not used, and sometimes loaded and not immediately billed out, and that diversion in transit is necessary in order that coal may be delivered when and as needed, cars in this traffic are kept in use for a longer time, compared with the distance hauled, than is true of the average of other traffic. The cost incident to the assembling and diversion of coal is material, but the exact measure thereof can not be determined from this record. As pointed out in the general discussion of the carriers' financial situation, there has been a constantly increasing cost of maintenance of these heavy coal cars, a cost augmented by reason of the injury caused by these heavy cars to other lighter equipment.

Between the month of lowest and the month of highest density of this traffic there is a difference of 89.73 per cent—greater than the difference between the maximum and minimum tonnage of any other particular kind of traffic. This variation indicates that the movement

is seasonal; and the fact that miners' contracts are renewed biennially, causing uncertainty in the production, makes for heavy fluctuations in the volume of traffic; and—

although a full car supply can not be expected all the time, carriers must do more than to provide themselves with sufficient equipment for the slack period of coal production.

Vulcan Coal & Mining Co. v. I. C. R. R. Co., 33 I. C. C., 52, 71, and cases cited.

That coal loads heavily and that the loss and damage is but nominal offset to some extent the special costs incident to this traffic; coal is of low value, and the value of the particular commodity has always been regarded as a material fact to be considered in determining the rate. On this subject, in *Investigation and Suspension Docket 26 to 26 C, Rates on Coal*, 22 I. C. C., 604, 623, 624, we said:

* * * If a carrier may raise all rates to a basis where each will bear its share of cost, including all costs, and no lower rate is reasonable, then it must follow that all rates are unreasonable which yield to the carrier a greater return than such cost. Under such theory what would be the rate on tea or silks, or high-priced horses, or delicate machines? Is there to be no classification of freight excepting upon the basis of cost of transportation plus insurance risk? If so, the tariffs of every railroad in the United States must suffer a revolutionary change. In all classification consideration must be given to what may be termed public policy, the advantage to the community of having some kinds of freight carried at a less rate than other kinds. And this is the true meaning of the phrase "what the traffic will bear." It expresses the consideration that must be shown by the traffic manager to the need of the people for certain commodities. He accordingly imposes a higher rate upon what may be termed luxuries as compared with that imposed upon those articles for which there is a more universal demand. He also gives consideration to the fact that the rate so imposed enters into the ultimate price to the consumer to but a small degree when the article is one of high value, and that those in the community who can afford to purchase such articles can well afford to pay a rate greater than that which could reasonably be imposed upon the general public for commodities of common use. In this sense what the traffic will bear and the value of the service are analogous. * * * We may not say that a rate shall be fixed so as to meet the requirements or needs of any body of shippers in their efforts to reach a given market, nor may we establish rates upon any articles so low that they will not return out of pocket cost. Neither could we fix an entire schedule of rates which would yield an inadequate return upon the fair value of the property used in the service given. There is, however, a zone within which we may properly exercise "the flexible limit of judgment which belongs to the power to fix rates." These are the words of the Chief Justice of the Supreme Court, 206 U. S., 26. There is no flexible limit of judgment if all rates must be upon a level of cost, and out of every dollar paid to the carrier must come a fixed amount of return for capital invested.

To the same effect see *Union Tanning Co. v. S. Ry. Co.*, 26 I. C. C., 159.

Coal mined in the states here affected has increased in value but little since 1904. The price, except in the states of Alabama and Kentucky, is given for the years 1904 to 1913 in the subjoined table:

35 I. C. C.

Average selling price, all coal from mines in states shown, 1904 to 1915, inclusive.

[Taken from bulletins, "Production of Coal," by Edward W. Parker, U. S. Geol. Survey.]

State.	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913
Illinois.....	\$1.10	\$1.08	\$1.08	\$1.07	\$1.05	\$1.05	\$1.14	\$1.11	\$1.17	\$1.14
Indiana.....	1.11	1.08	1.08	1.08	1.06	1.02	1.13	1.08	1.14	1.11
Missouri.....	1.63	1.58	1.63	1.64	1.64	1.65	1.79	1.72	1.76	1.73
Iowa.....	1.61	1.58	1.60	1.62	1.63	1.65	1.78	1.78	1.80	1.79
Kansas.....	1.52	1.46	1.49	1.52	1.49	1.44	1.61	1.53	1.62	1.67
Oklahoma.....	1.54	1.76	1.02	2.04	2.08	2.00	2.22	2.05	2.14	2.05
Arkansas.....	1.54	1.49	1.61	1.68	1.68	1.48	1.56	1.61	1.71	1.76
Colorado.....	1.31	1.22	1.26	1.40	1.41	1.33	1.42	1.45	1.49	1.52
New Mexico.....	1.31	1.33	1.34	1.46	1.37	1.29	1.39	1.44	1.42	1.46

A shipper gave the prices paid by five railroads for their fuel coal 1910-1914 as somewhat higher than the prices shown in the foregoing table; and it appears that one of the carriers is paying the same for coal as in 1910, two slightly more, and two slightly less. The relative density of all traffic hauled by representative eastern and western roads appears from the following table:

FOR YEAR ENDED JUNE 30, 1914.

	Average miles operated during year.	Freight revenue per mile of road.	Tons of freight carried 1 mile per mile of road.
Eastern bituminous coal originating roads:			
Pennsylvania Co.....	1,749	\$35,518	4,448,369
Pennsylvania R. R.....	4,083	31,407	5,430,386
Baltimore & Ohio.....	4,478	16,923	2,907,966
Hocking Valley.....	351	15,935	3,742,321
Norfolk & Western.....	2,085	18,983	4,497,010
Chesapeake & Ohio.....	2,345	12,305	3,011,617
Buffalo, Rochester & Pittsburgh.....	581	15,742	3,405,126
Toledo & Ohio Central.....	446	9,817	2,366,937
Kanawha & Michigan.....	176	15,031	3,780,955
Bessemer & Lake Erie.....	204	38,908	3,564,706
Pittsburgh & Lake Erie.....	223	67,926	9,043,264
Unweighted average.....		21,625	4,100,550

FOR YEAR ENDED JUNE 30, 1914.

Western and southwestern bituminous coal originating roads:			
Atchison, Topeka & Santa Fe.....	8,345	7,139	706,150
Chicago & Alton.....	1,032	8,595	1,417,388
Chicago, Rock Island & Pacific.....	7,729	6,478	639,184
Chicago & Eastern Illinois.....	1,283	8,825	1,724,429
Chicago, Burlington & Quincy.....	9,129	6,571	942,339
Chicago & North Western.....	8,070	6,689	771,930
Chicago, Milwaukee & St. Paul.....	9,683	6,739	824,323
Chicago Great Western.....	1,496	6,645	911,648
Illinois Central.....	4,768	9,200	1,633,461
Minneapolis & St. Louis ¹	1,646	4,338	516,390
Wabash.....	2,514	8,082	1,320,983
Cleveland, Cincinnati, Chicago & St. Louis.....	2,187	10,237	1,896,496
Vandalia.....	910	8,326	1,275,451
Chicago, Terre Haute & Southeastern ²	373	5,109	887,354
Missouri Pacific.....	3,919	4,972	609,465
St. Louis, Iron Mountain & Southern.....	3,264	7,282	926,024
St. Louis & San Francisco.....	4,746	6,037	613,127
Missouri, Kansas & Texas.....	3,824	5,288	483,838
Kansas City Southern.....	327	9,963	1,284,810
Colorado & Southern.....	1,127	4,995	481,024
Midland Valley.....	380	2,745	226,229
Missouri, Oklahoma & Gulf.....	324	2,623	350,066
Unweighted average.....		6,789	881,642

¹ Passenger mileage operated, 1,585 miles.

² Passenger mileage operated, 297 miles.

That the production of coal in the territory involved has regularly and considerably increased since 1900 is sufficiently illustrated by the subjoined table giving the production for 1900 and 1913:

Production of bituminous coal in states covered by Western Advance case.

From Coal Statistics, by Edward W. Parker, coal statistician, Department of the Interior, U. S. Geol. Survey.]

	1900	1913
	<i>Tons.</i>	<i>Tons.</i>
Arkansas.....	1,447,945	2,234,107
Oklahoma.....	1,922,208	4,165,770
Kansas.....	4,467,870	7,203,210
Missouri.....	3,540,103	4,318,125
Iowa.....	5,202,939	7,525,936
Indiana.....	6,484,086	17,165,671
Illinois.....	26,767,981	61,818,744

The present rates in the southwest including rates from New Mexico and Colorado to Texas are generally lower than in 1906 and 1908. Rates on slack coal less than those on lump coal were established in this general territory about 1905, and this has resulted in a material increase in the value of slack coal. To the Missouri River rates have fluctuated since 1904, though except for the fact of the establishment of rates on slack coal they are now somewhat higher than then. The proposed rates from the mines to South Omaha show large increases over former rates. When applied to the weighted average on the shipments of one large shipper they yield only 4.34 mills per net ton-mile. The rate to the twin cities, which is the designation given St. Paul and Minneapolis, from the southern Illinois group of mines is a base rate, and rates to Wisconsin, Iowa, Minnesota, and South Dakota are somewhat influenced thereby. This rate to the twin cities has been competitive with the rates from Duluth and has undergone many changes. In 1887 the rate was \$2 per ton; in 1889, \$1.75; in 1892, \$2; in 1896, a rate of \$1.62½ was established, but one road having made the rate \$1.50, that became the rate for all roads. In 1899 an increase was made to \$1.65; in 1902 there was a reduction to \$1.40; in 1903 an increase to \$1.50, and in 1904 a decrease to \$1.40. The \$1.40 rate remained effective until, in obedience to an order of this Commission requiring a rate to the twin cities no higher than to intermediate points, the carriers increased the terminal rate to \$1.50. This increase was sustained by us in *Daly Coal Co. v. C. & A. R. R. Co.*, 33 I. C. C., 467. In the present case it is proposed to increase this rate to \$1.60. We are of the opinion that the territory affected should properly be considered as one. So considered, while there have been fluctuations, the present rates are no higher than they were 10 years ago.

It has been shown that for the weighted average for a haul in the southwest of 256 miles, the present rate is \$1.45 a net ton, and yields

a revenue per net ton-mile of 5.66 mills. In the western trunk line territory the average haul is 327 miles, the rate \$1.50 per ton, and the revenue per net ton-mile 4.59 mills. In *Okla. & Ark. Coal Traffic Bureau v. C., R. I. & P. Ry. Co.*, 14 I. C. C., 216, 223, decided June 24, 1908, we gave a table of state commission rates showing for a haul in Texas and Oklahoma of 250 miles a rate of \$1.65 and a revenue of 6.6 mills; for Illinois and Iowa for 300 miles, rates of \$1.20 and \$1.50, and revenues of 4.2 and 5 mills, respectively. Speaking of south-western coal rates, we there said:

As affecting the traffic here involved we regard these rates as somewhat too low, especially for the shorter hauls, in view of the grouping policy adopted by the carriers by which many of the mines in a single group, although at some distance apart, are brought into competition upon a parity as to railroad charges in supplying the fuel needs at a single point of destination.

In that case we prescribed rates to specific points higher than the average of rates here proposed. Against an average haul of 256 miles and a rate of \$1.526 a ton on all coal here proposed, we prescribed in this same territory a rate for 228 miles of \$2.25 per ton on lump coal and \$1.65 on slack coal. *Weatherford Chamber of Commerce v. M., K. & T. Ry. Co.*, 31 I. C. C., 665.

Our attention has been particularly called to the proposed rates on lump coal and coke of \$2.85 and on slack coal of \$2.35 per net ton for 256 miles from Trinidad, Colo., to Amarillo, Tex. This rate is high as compared with the average rates proposed, but the movement is in a territory of sparse traffic. In *Amarillo Gas Co. v. A., T. & S. F. Ry. Co.*, 13 I. C. C., 240, we prescribed a rate for this haul on coke of \$2.90 per ton, the rate on coal then effective. For hauls ranging from 58 to 563 miles in a territory where traffic is light we found that rates which applied to the actual movement yielded from different mines a revenue per net ton-mile of 10.06, 8.74, and 8.18 mills, respectively, were not shown to be unreasonable. *Public Utilities Commission of Idaho v. O. S. L. R. R. Co.*, 33 I. C. C., 103. In 1909 we held that a rate from Chicago to Fort Dodge, Iowa, for 375 miles that yielded slightly less than 5 mills per net ton-mile was "certainly not a high rate." *Fort Dodge Commercial Club v. I. C. R. R. Co.*, 16 I. C. C., 572, 582.

The comparisons here used may not be altogether persuasive, but they are probative, and tend to establish that the increased rates here proposed are just and reasonable. The maximum increase suggested is 10 cents per ton, while the average increase is less than 8 cents per ton.

Rates to South Dakota yield revenues per ton-mile somewhat higher than those yielded by the average of the rates involved. Specific rates referred to by a witness for protestants show ton-mile

earnings ranging from about 3½ to 6 mills. The actual weighted average from the statistics of the Burlington is as follows:

Point of origin.	Distance.	Revenue per net ton.
	<i>Miles.</i>	<i>Cents.</i>
Illinois.....	512	4.76
Manitowoc, Wis.....	689	4.01
Milwaukee, Wis.....	592	4.48

Where deliveries were made on connecting lines the revenue was less than stated in the table above. This coal for South Dakota usually moves in box cars and consequently shows a less empty mileage and a lighter load, the load averaging 28.5 tons.

Rates on coke in southwestern territory are published in coal tariffs, and coke takes the same rates as coal. It is only in this territory where coke and coal rates are increased generally that coke rates are involved in this proceeding. Coke loads lighter than coal, and there is no transportation reason why rates thereon should be lower than on coal. Slack is fine coal used principally in furnaces, and to some points rates have been accorded on slack lower than on lump coal. Facts showing a justification of increases in the lump coal rates equally justify a corresponding increase in the rates on slack.

From lake ports in Wisconsin and Minnesota to intrastate points in those states no increase is proposed in the rates on dock coal. The like situation exists in intrastate rates from mines in Iowa, Missouri, Kansas, Arkansas, and Oklahoma. It is claimed that injury will result to the coal miners of Illinois unless increases in coal rates are made from the docks commensurate with the proposed increases from the mines in that state. Illinois coal is said to be somewhat less attractive to users than is coal from the Pittsburgh district, but the Illinois coal can be sold more cheaply than the Pittsburgh coal. Details of the cost of each at the representative consuming markets of St. Paul and Minneapolis were shown by protestants in a table here inserted.

The following is a comparison of prices for coal delivered at St. Paul and Minneapolis, the largest coal markets west of Chicago:

From Pittsburgh, Pa., district.

Coal at mines.....	\$1.25
Average freight charges to Lake Erie ports.....	.75
Loading to vessel.....	.05
Lake freight Erie to Superior.....	.32
Dock charges at Superior and Duluth.....	.40
Freight from Superior and Duluth to twin cities.....	.96
Total.....	3.73

Illinois coal.

Average selling price at mines (10 years).....	\$1. 10
Present average freight charges from state of Illinois.....	1. 93
Total.....	3. 03
Margin to cover difference in quality.....	. 70

From other facts of record it appears that past increases in rates from Illinois without corresponding increases in the rates from the docks have resulted in relatively lessening the amount shipped from the Illinois mines. Since the rates from the docks at Milwaukee to points in Wisconsin and rates from Duluth to the twin cities remain unchanged, some carriers maintain existing related interstate rates.

To South Dakota destinations an increase of 10 cents per ton is proposed in the rates on bituminous coal from Lake Michigan and Lake Superior ports, as well as from Illinois mines. No increase is proposed from any of the lake ports to Minnesota destinations. The present rates from the lake ports to South Dakota destinations are on a higher per ton-mile basis than rates to intermediate destinations in western Minnesota. An increase in the rates to South Dakota destinations unaccompanied by a like increase in the rates to Minnesota destinations would accentuate the existing violation of the general principle that the ton-mile revenue should decrease with increased distance. The present rates to South Dakota destinations appear to be on a higher basis than to other western destinations, although the greater part of the haul is through the lower rated territory. For these reasons the increases proposed to South Dakota destinations have not been justified.

From the facts of record we are of opinion and find that, with the exception of rates on coal to points in South Dakota, the proposed increased rates on coal have been justified, and the orders of suspension relating thereto will be vacated.

RICE.

Of the annual rice crop of the world, which is over twice the amount of the crop of wheat, the United States produces about 25,000,000 bushels, or considerably less than 1 per cent. By far the greater part of this domestic rice is grown in Louisiana, Texas, and Arkansas, and consequently the rates in this region are the most important.

¹ Freight rate from—	
Northern Illinois.....	\$1. 50
Springfield district.....	1. 90
Belleville district.....	2. 10
Southern Illinois.....	2. 20
Average freight rate from state of Illinois.....	1. 93

Brewers' rice.—Rice is used in the brewing of beer, and both the domestic and the imported varieties move in large quantities to the centers of the brewing industry, St. Louis, Kansas City, Chicago, Milwaukee, and Cincinnati.

When a barrel of 162 pounds of rough rice is milled, there are produced about 97 pounds of clean rice, used primarily for table food, 56 pounds of hulls, polish, and bran, and 9 pounds of broken stock ordinarily termed brewers' rice, and this rice is accorded generally a carload rating.

Brewers' rice moves in box cars, not loose but packed in 240-pound sacks, 250 of which constitute the usual carload. There is less liability to loss through leakage than if the commodity were carried in bulk.

In the present case the carriers propose increases on both domestic and imported brewers' rice from the Gulf ports and Louisiana, Texas, and Arkansas rate points to basing points on the Missouri, Mississippi, and Ohio rivers, and to the interior cities, to which the rates are made on these basing points, continuing the present minimum of 40,000 pounds. The increases in the domestic rates range from one-half to 10½ cents, while those on import rates are generally 5 cents per 100 pounds. The existing rate on domestic brewers' rice from New Orleans to St. Louis, which is the most important single rate under consideration and the one by which many are gauged, is 15 cents, and to this destination moves 75 per cent of all the domestic brewers' rice. It is proposed to increase this 15-cent rate to 20 cents. Generally the rates from other Louisiana, Texas, and Arkansas points are blanketed. Both the new and the old rates from Arkansas to St. Louis are 3 cents below those from Louisiana points. Rates from Louisiana and Texas points are as a rule 5 cents above the New Orleans rates. The present rate to Chicago from New Orleans is 23 cents, the one under suspension 23½; the existing rate to Milwaukee, 25 cents, the proposed 25½. Below are tables with the more important rates, present and proposed, on domestic brewers' rice in cents per 100 pounds:

To—	From New Orleans.		From Louisiana points.		From Texas points.	
	Present rate.	Proposed rate.	Present rate.	Proposed rate.	Present rate.	Proposed rate.
St. Louis.....	15	20	20	25	25	30
Chicago.....	23	23½	23	28½	25	30
Milwaukee.....	25	25½	30	30½	30	35
Minneapolis.....	24½	35	29½	40	29½	40
Kansas City.....	25	30	20	25	20	25

These rates from New Orleans yield revenues per net ton-mile from 4.3 mills to 5.8 mills under present rates and from 5 mills to 6.9 mills under the proposed rates.

The succeeding table shows southbound carload rates on malt, corn and grits:

From—	Grits		Malt		Corn	
	Rate to Eagle Pass, Tex. (per 100 pounds).	Rate to Lake Charles, La. (per 100 pounds).	Rate to Houston, Tex. (per 100 pounds).	Revenue per net ton-mile.	Rate to Houston, Tex. (per 100 pounds).	Revenue per net ton-mile.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Mills.</i>	<i>Cents.</i>	<i>Mills.</i>
St. Louis.....	34.5	28.5			31.5 1 26.5	7.93 6.67
Chicago.....	37.5	(¹)	38½	7.88		
Milwaukee.....			39½	6.68		
Minneapolis.....	40.5	(¹)				
Kansas City.....	33.5	32.5				

¹ Proportional.² Not given.

Below are rates and revenues per net ton-mile from New Orleans to St. Louis, Milwaukee, and Kansas City on brewers' rice and on commodities which are presented for comparison in exhibits of record.

	New Orleans to St. Louis.			New Orleans to Milwaukee.			New Orleans to Kansas City.		
	Minimum (pounds).	Rate (per 100 pounds)	Revenue per net ton-mile.	Minimum (pounds).	Rate (per 100 pounds).	Revenue per net ton-mile.	Minimum (pounds).	Rate (per 100 pounds).	Revenue per net ton-mile.
Brewers' rice:		<i>Cents.</i>	<i>Mills.</i>		<i>Cents.</i>	<i>Mills.</i>		<i>Cents.</i>	<i>Mills.</i>
Present ..	40,000	15	4.3	40,000	25	4.9	40,000	25	5.8
Proposed ..	40,000	20	5.7	40,000	25½	5	40,000	30	6.9
Scrap iron: ¹									
Present ..	30,000	14.1	4	40,000	18.55	3.7	50,000	20	4.6
Proposed ²	30,000	17.5	5	40,000	22	4.3	50,000	23.4	5.4
Lumber ³	30,000	18	3.2	30,000	26.5	5.3	30,000	24	5.5
Sugar	33,000	17	6.3	33,000	24	4.7	33,000	32	7.4

¹ Scrap-iron rates are cited because they instance rates on a commodity of low value.² Now in effect.³ Lumber rates afford a comparison for a commodity moving in large volume on commodity rates.

Below are shown certain rates on grain and grain products from St. Louis to New Orleans cited by the protestants:

	<i>Cents per 100 pounds.</i>
Grain and grain products, barley, bran, corn meal, hominy, grits, rye, etc.....	16
Brewers' grits and brewers' meal.....	16
Flour in bags, oatmeal, rolled oats, cracked or flaked wheat, flaked rye.....	18
Corn meal and hominy grits, bran (reshipping rates).....	12
Malt grain (by-product of brewery).....	16

The present rate on lumber from Texas and Louisiana points to St. Louis is 19 cents per 100 pounds, while that generally proposed on brewers' rice is 25 cents. Taking the average price of brewers' rice for a five-year period as \$1.75 per 100 pounds and a 50,000-pound loading, the value of a carload would be \$875, as compared with lumber at about \$400 per car.

To Chicago the lumber rate from the southwestern blanket is 26½ cents, while the rate proposed on brewers' rice from Louisiana and Texas generally is 28½ cents. To Milwaukee lumber from this blanket is carried at 26½ cents; while brewers' rice bears a rate of 30 cents.

The respondents allege that the rates on brewers' rice are not only low but out of line. They allege, moreover, that the maintenance of the 15-cent domestic rate from New Orleans to St. Louis makes it impossible to raise the import rate between those points, which is now likewise 15 cents and which it is also proposed to increase to 20 cents.

The common differential from Gulf ports on imported brewers' rice is 3 cents per 100 pounds under the import rate from Baltimore to St. Louis. From Baltimore the import rate is now 23 cents, and if the general relationship were conformed to this import rate from New Orleans to St. Louis would be 20 cents, the import rate proposed. Prior to the increase permitted in the *Five Per Cent case, supra*, the 15-cent import rate from New Orleans to St. Louis was 7 cents below the Baltimore rate.

In *Texas Brewing Co. v. A., T. & S. F. Ry. Co.*, 21 I. C. C., 171, the Commission prescribed maximum carload rates on malt from Chicago, Milwaukee, and Minneapolis to Fort Worth of 34½, 35½, and 38 cents, respectively. On brewers' rice the rates proposed from Texas points to these northern cities are 28½ cents to Chicago, 30½ cents to Milwaukee, and 40 cents to Minneapolis. If we assume 88 cents a bushel to be a fair price of malt, the same as in 1910, and 40 pounds to be equivalent to a bushel, the price of malt at the present time is \$2.20 per 100 pounds; but the evidence in this case shows that the current price of rice, due, perhaps, to a temporary condition of lack of importation from Germany, approaches \$3 per 100 pounds.

We are of opinion and find that the rates proposed on brewers' rice in the tariffs under suspension have been justified. The question of the proper relationship between the import and the domestic rates is, however, before us in another proceeding.

Clean rice.—Clean rice is used chiefly as a table food, and has hitherto moved under both carload and less-than-carload commodity rates; but in the present proceeding the respondent carriers propose to cancel the less-than-carload commodity rates, relegating this article to a basis of fourth class in western and sixth class in southern classification territories. This action is taken, the carriers contend, so that, in addition to the greater revenue hoped for, the clean rice rates, which are now unduly low, may more nearly accord with those on breakfast foods, and generally may be more properly related to carload rates on rice.

The proposed increases are in the less-than-carload rates from Arkansas, Louisiana, and Texas points to the Mississippi River and Ohio River crossings, to Chicago and points basing thereon, to Missouri River points and stations west, including Utah common points and Colorado common points; to the southeastern territory, omitting New Orleans as a point of origin; also from Arkansas to certain stations in New Mexico. The class rates resulting from this cancellation represent increases which range from 7 cents to 62 cents per 100 pounds.

New Orleans is the rate-making base from points of origin in Louisiana and Texas, while the base for destination points is St. Louis. Below are given the more important existing less-than-carload commodity rates from New Orleans, other Louisiana points, and Texas, and the class rates which would be applicable on clean rice were the suspended tariffs allowed to become effective:

To—	From New Orleans, La. (less than carload).			From Texas (less than carload).			From Louisiana (less than carload).		
	Present, per 100 pounds.	Fourth class, per 100 pounds.	In- crease.	Present, per 100 pounds.	Prop- osed fourth class, per 100 pounds.	In- crease.	Present, per 100 pounds.	Prop- osed fourth class, per 100 pounds.	In- crease.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
St. Louis, Mo. ¹	28	35	7	38	96	58	38	83	45
Kansas City, Mo. ¹	40	53	13	37	96	59	37	83	46
Omaha, Nebr. ¹	44	57	13	42	103	61	42	90	48
Chicago, Ill. ¹	34	41	7	44	106	62	44	93	49
Cincinnati, Ohio ¹	31	39	8	51	106	55	51	93	42
Minneapolis, Minn. ¹	48	61	13	58	116	58	58	103	45
Utah common points.....	138	172	34						
Colorado common points ¹	84	97	13						
Wichita, Kans. ¹	55	68	13						
Topeka, Kans. ¹	55	68	13						

¹ Rates to these points have not been suspended.

² Sixth class.

No changes are proposed in the any-quantity rates from Memphis and New Orleans to southeastern territory. To construct the through rates to this southeastern territory, local commodity rates from Arkansas to Memphis or local commodity rates from Louisiana and Texas to New Orleans are added to the any-quantity rate from Memphis or New Orleans. The present rates to Memphis from Arkansas stations and to New Orleans from Louisiana and Texas points vary from 20 to 25½ cents per 100 pounds, and in lieu of these it is proposed to apply the class rates, which range from 27 to 40 cents.

In *Mutual Rice Asso. of Houston v. I. & G. N. R. R. Co.*, 23 I. C. C., 219, decided April 8, 1912, rates on rice from Texas points to the southeast were attacked on the ground, not that they were unreasonable *per se*, but that the through rates were merely the combi-

nations of locals rather than joint rates less than the sums of the locals into and out of New Orleans; and it was remarked, on page 224:

The record tends to show that each of the local rates included in the through rates has been lowered by competition either of markets or of other carriers.

* * * * *

The record shows that rail shipments from Texas points to the southeast are made only in carload lots.

A witness for the protestants testified that 90 per cent of clean rice moves in carloads, and it was established that the entire less-than-carload movement is comparatively small, many of the less-than-carload rates published being paper rates. This less-than-carload traffic involves for the most part short hauls and a greater percentage of loss and damage claims than does the carload traffic, and less-than-carload commodity movements entail proportionally much greater expense than do carload movements. The succeeding table shows that the existing spread between carload and less-than-carload rates is small.

From—	To—	Present rates in cents per 100 pounds on clean rice.	
		Carload.	Less than carload.
New Orleans.....	St. Louis.....	24	28
Do.....	Kansas City.....	37	40
Do.....	Omaha.....	39	44
Houston, Tex.....	St. Louis.....	29	33
Do.....	Kansas City.....	32	37
Do.....	Omaha.....	37	42

Clean rice comes into competition with such food products as hominy and breakfast foods, none of which are carried at commodity rates in less-than-carload quantities from producing or milling points.

While the percentages of the increases resulting from the cancellation of these less-than-carload commodity rates are considerable, we are of course in determining the reasonableness of rates to look only to the reasonableness of the increased rates, which are here the present class rates. That the existing rates upon this less-than-carload traffic have been unduly low is manifest; nor is there any reason to believe that the application of the less-than-carload class rates will materially reduce the present movement.

We are of opinion and find that the respondents have justified the proposed cancellation of the existing less-than-carload commodity rates on clean rice, and an order will be issued vacating the suspension of those cancellations.

BROOM CORN.

The greater part of the broom corn produced in the United States is grown in the area comprised of the southeastern section of Colorado, northeast New Mexico, southwest Kansas, west Oklahoma, and the northern end of the panhandle of Texas, and in addition, in Illinois and Missouri. Oklahoma is the state which grows by far the greatest amount. The annual consumption in this country in recent years has been about 65,000 tons, of which more goes to Illinois for manufacture than to any other state; a considerable amount to the Mississippi River crossings; and about one-fifth to New York state, most of which moves to Galveston and thence by water.

As a crop broom corn is comparatively small, but it is easily grown, an acre producing about one-third of a ton, and commands prices whose average at the points of origin may be taken approximately at \$55 a ton. After the stalks are cut and dried in sheds, they are packed into bales 45 by 26 by 45 inches in dimension, and shipped either to a concentration point such as Wichita, where the bales are sorted and graded and where transit exists, or directly to the factories where the corn is made into whisks, brushes, and brooms; and this process of manufacture results in a waste of about 40 per cent by weight. The uses of this commodity are very limited. The rates involved in the present proceeding are those from the producing points in the described regions to Chicago, Eastern Colorado, Missouri River, Mississippi River, Arkansas, Louisiana, and Texas points.

Broom corn is rated third class in western classification, second class in official, and fifth class in southern. Generally, in the east and southeastern territory it moves upon a class basis, but there are as a rule commodity rates in western territory which are substantially 50 per cent of the third-class rates with a minimum of 18,000 pounds. The rates proposed in this proceeding are generally 5 cents per 100 pounds in excess of the existing rates, with the third class as a maximum. No increase is proposed between Kansas points and the Missouri River.

The hauls involved in this traffic are usually long and the lading is light, the average lying somewhere between 10 and 12 tons. The risk of carriage is small, and comparatively few damage claims have been presented. As a rule the cars are loaded at the warehouses of the shipper. There is a speedy release of equipment due to the fact that the cars are usually quickly unloaded directly into the consignee's warehouses, and save for transit at a few points no special services are furnished.

Few articles are comparable to broom corn from a transportation viewpoint, the nearest, perhaps, being hay, straw, and excelsior, all of which are of less value and bear rates which are generally very much lower than those upon which broom corn moves. Straw is used

in the composition of cheaper brooms, and thus to some extent comes into direct competition with the commodity here involved. The Santa Fe, the Rock Island, and the Illinois Central carry the bulk of broom corn. Below are tables which enable comparison to be made between broom corn and other commodities.

Average lading of broom corn in carloads:

	Tons.
A., T. & S. F. (for year ending 1914):	
Broom corn.....	10. 67
Hay, straw, and alfalfa.....	11. 39
A., T. & S. F., all carload freight.....	22. 40
C., R. I. & P (for months of Oct. and Nov., 1914), broom corn	11. 50
St. L. & S. F. (1913-14), hay and straw.....	11. 00

Average haul and earnings on broom corn and other commodities, taken from carriers' exhibits.

	Average distance hauled.	Earnings per net ton-mile.	Earnings per car-mile.	Average earnings per car.
	<i>Miles.</i>	<i>Mills.</i>	<i>Cents.</i>	
Broom corn (A., T. & S. F. broom-corn statistics for year ended 6-30-14).....	594	14. 06	15	\$30. 19
All commodities (I. C. C. Abstract of Statistics, year ended 6-30-14) A., T. & S. F. Ry.....	274	10. 4	16. 3	44. 06
Broom corn (C., R. I. & P., October-November, 1914, movement).....	715	15. 44	16. 36	116. 97
All commodities (I. C. C. Abstract of Statistics, year ended 6-30-14) C., R. I. & P. Ry.....	234	8. 6	13. 7	32. 08
Grain (St. L. & S. F. report to the I. C. C., year ended 6-30-14).....	190	6. 7	17. 90	35. 69
All commodities (I. C. C. Abstract of Statistics, year ended 6-30-14) ¹ St. L. & S. F. R. R.....	162	9. 8	17. 6	28. 51
Hay (St. L. & S. F. report to the I. C. C., year ended 6-30-14).....	218	10	11	23. 96

¹ These earnings per car per mile are based upon the following weights from the statistics of the St. L. & S. F. R. R. for fiscal year 1913-14: Grain, 26.7 tons; hay, 11 tons.

Average rates and earnings on broom corn for varying distances under the (1) proposed and (2) present rates in western territory.

[A, average distance, miles; B, net ton-mile earnings, mills; C, car-mile earnings, cents (average load 11 tons).]

	200 to 300 miles.			300 to 400 miles.			400 to 500 miles.			500 to 600 miles.			600 to 700 miles.		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
Average distances and earnings from typical shipping points to typical markets under:															
(2) Present rates				373	21. 8	24	480	19. 5	21. 4	564	17. 8	19	642	16. 7	13. 4
(1) Proposed rates				373	24. 5	27	480	21. 5	23. 7	564	19	20. 9	642	18. 3	20. 1

	700 to 800 miles.			800 to 900 miles.			900 to 1,000 miles.			1,000 to 1,100 miles.			1,100 to 1,200 miles.		
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C
Average distances and earnings from typical shipping points to typical markets under:															
(2) Present rates	748	14. 9	16. 4	855	14. 3	15. 7	948	13. 5	14. 8	1,025	12. 8	14. 1	1,128	12. 6	14. 9
(1) Proposed rates	748	16. 3	17. 9	855	15. 5	17	948	14. 5	16	1,025	13. 8	15. 1	1,128	14. 5	15. 9

The points of origin given in the following tables are representative and the destinations typical:

Existing broom-corn rates, revenues per ton-mile and per car-mile, and distance (11 tons loading used).

CHICAGO, ROCK ISLAND & PACIFIC.

From—	To—	Miles.	Revenue per net ton-mile.	Revenue per net car-mile.	Rate per 100 pounds.
			<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Watonga, Okla.....	Memphis, Tenn.....	548	1.75	19.25	48
Do.....	St. Louis, Mo.....	690	1.44	15.84	49
Do.....	Chicago, Ill.....	898	1.31	14.41	59
Amarillo, Tex.....	Memphis, Tenn.....	760	1.45	17.27	55
Do.....	St. Louis, Mo.....	927	1.28	14.06	60
Do.....	Chicago, Ill.....	1,145	1.22	13.42	70

MISSOURI PACIFIC R. R. CO.

Kiowa, Kans.....	Chicago, Ill.....	764	1.51	16.61	58
St. Louis, Mo.....	Augusta, Ga.....	779	1.65	18.15	64
Kiowa, Kans.....	St. Louis, Mo.....	565	1.69	20.57	48
St. Louis, Mo.....	Steubenville, O.....	577	1.78	19.58	51.5
Kiowa, Kans.....	Memphis, Tenn.....	656	1.67	18.37	55

ST. LOUIS & SAN FRANCISCO R. R. CO.

Thomas, Okla.....	St. Louis, Mo.....	618	1.63	17.93	50.5
Do.....	Chicago, Ill.....	904	1.33	14.63	60.5

COMPARISON OF RATES IN DIFFERENT REGIONS ON BROOM CORN.

(11 tons loading used.)

Starling, Kans.....	Des Moines, Iowa.....	414	2.29	25.1	47.5
St. Louis, Mo.....	Alton, Ohio.....	411	2.01	22.1	41.5
Canton, Okla.....	Des Moines, Iowa.....	536	1.84	20.2	49.5
St. Louis, Mo.....	Cleveland, Ohio.....	837	1.76	19.3	47.3
Higgins, Tex.....	Des Moines, Iowa.....	614	1.79	19.6	55
St. Louis, Mo.....	Pittsburg, Pa.....	613	1.68	18.4	51.5

The Chicago, Rock Island & Pacific shows that for the period of October and November, 1914, the average interstate haul upon its line for broom corn originating at stations in Oklahoma was 715 miles; the average lading per car, 11.5 tons; the average net ton-mile earnings, 15.44 mills; and the average car-mile earnings, 16.36 cents.

From the foregoing tables it appears that upon broom corn the railroads which carry most of this traffic have an average haul over twice as great as that upon all other freight; that notwithstanding the light lading, the net ton-mile revenue under the present rates upon the Atchison, Topeka & Santa Fe averages 14.06 for 1914 and upon the Chicago, Rock Island & Pacific 15.44 mills for a selected period, as compared with 8.6, the average earnings per net ton-mile upon all freight on the Chicago, Rock Island & Pacific, and 10.4 mills on the Atchison, Topeka & Santa Fe; that upon the Atchison, Topeka

& Santa Fe the average earnings per car-mile on broom corn for 1914 were 15 cents and on the Chicago, Rock Island & Pacific for the selected period 16.36, as compared with the car-mile earning on the Chicago, Rock Island & Pacific upon all freight for the selected period of 13.7 cents and upon the Atchison, Topeka & Santa Fe of 16.3 cents. Comparisons of the rates on broom corn involved in this proceeding with the rates in the east and southeast show that there is on the whole little difference between the rates in the regions. If a 12-ton average lading were taken, and the protestants introduced evidence to show that many actual carload movements involved cars loading to 12 tons, the car-mile and ton-mile earnings of course would be greater than shown in the above tables.

We are of the opinion and find that proposed rates upon broom corn under suspension have not been justified. The respondents will be required to cancel the proposed rates upon broom corn.

IMPORT RATES.

The tariffs here involved contain import rates from the Gulf ports of Pensacola, Mobile, Gulfport, New Orleans, Port Arthur, and Galveston. While rates on some other commodities are sought to be increased, no opposition was offered to the tariffs increasing these import rates except as to those tariffs proposing increases in the rates on fuller's earth and fertilizer materials.

Below is a table showing present and proposed rates to Chicago on some of the commodities the rates on which are sought to be increased. This table is typical of the increases generally, except those on fertilizer material and fuller's earth, which are separately discussed.

Present and proposed import rates to Chicago.

	Crude Chalk.	Clay.	Crockery.	Flax waste.	Fuller's earth.	Crude glycerine.
Present.....	16	10	25	16½	14	3
Proposed.....	16½	11	26	16	15	3

	Hemp.	Lead.	Magnesite.	Spelter.	Tallow (vegetable).	Whiting.
Present.....	19	11½	11	11½	19	14
Proposed.....	21	13	13	13	24	16

Generally the justification for the increased rates is based upon a differential heretofore maintained between import rates from the Atlantic ports and those from Gulf ports. Prior to 1908 there was no fixed relation between these two sets of rates. The distances from Europe, Asia, and Africa to the Gulf ports average approxi-

mately 50 per cent in excess of such distances to the Atlantic ports; and the boats that ply from such countries to the Atlantic ports are better and faster and maintain more regular schedules than the ships coming to Gulf ports. Under these circumstances ocean rates to Atlantic ports are not only lower than to Gulf ports, but there are other advantages in favor of the Atlantic ports in the way of more regular sailings, better transportation facilities, and lower insurance rates. All these facts combine to make it necessary for the carriers reaching the Gulf ports, if they are to participate in the traffic, to make import rates with relation to the import rates from the Atlantic ports. As rates from New York and Baltimore to points in central freight association territory are made percentages over or under the rate to Chicago, the carriers from the Gulf ports observe the same relation as between Chicago, Mississippi River points, and points like Cincinnati and Louisville. The carriers consider the rate as one from the point of origin in the foreign country to the point of final destination, and as the ocean rates to the Atlantic ports are lower than to the Gulf ports, and as there are other advantages already mentioned in favor of the movement through the Atlantic ports, the carriers here make such an import rate as added to the higher ocean rate will make the through rate via the Gulf ports less than the through rate via the Atlantic ports. This necessity, which was further emphasized by rate wars in which the carriers serving the Atlantic ports had a strategic advantage, resulted in January, 1908, in import rates from the Gulf ports differentially under the rates from New York in cents per 100 pounds as follows:

Class.....	1	2	3	4	5	6
Differential under New York.....	18	18	12	8	6	6

and 6 cents on commodities taking less than sixth class. This relation was subject to the rule that no import rate from the Gulf should exceed the domestic rate on the same commodity. This differential basis has existed generally since 1908, and is maintained in the tariffs here suspended, which propose increases commensurate with those already effective from the Atlantic ports. The maintenance of these differentials for the time named, and the absence of evidence in opposition to the increases are persuasive justification for the proposed increases; and we find and conclude that respondents have met the burden of proof cast upon them by the law.

Import rates on sisal or hemp produced in Mexico are not affected by the differential relationship described above. Sisal is worth 6 cents a pound, the minimum carload is 20,000 pounds, and the average loading is but 27,000 pounds. The rate proposed from New Orleans to Chicago, a distance of 912 miles, is 20 cents, while the rate from New York to Chicago, a distance of 920 miles, is 26 cents. We find that the proposed rates have been justified.

No testimony was offered opposing an increase in the import rates on brewers' rice. We have found that the domestic rates on brewers' rice may be increased to an amount equal to the increased import rates.

Shippers protested the increases in the import rates on certain fertilizer materials from all Gulf ports to St. Louis, Mo., and Louisville, Ky. These rates are now \$3.05 per ton, and it is proposed to raise the rate to St. Louis to \$4 per ton and to Louisville to \$3.20. The domestic rate from New Orleans to St. Louis has been increased to \$4 per ton, and these rates the Commission held in *Investigation and Suspension Docket 570, Fertilizer and Fertilizer Materials from New Orleans*, not yet reported, had been justified. The lower import rate was made to meet competition. This traffic involves unloading from shipside and loading into cars at the expense of the carriers, and it is necessary to assemble cars for the traffic which frequently involves long empty hauls. The fertilizer materials here affected are kainit, hartsalz, manure salts, and different kinds of potash, the weighted average value of all of which is about \$18 per ton. The net ton-mile rate under the suspended tariff is lower from New Orleans than from Baltimore.

In *Philadelphia Veneer & Lumber Co. v. C. R. R. Co. of N. J.*, 25 I. C. C., 653, 655, the Commission said:

In answer to complainant's contention that rates from the Gulf ports are, mile for mile, less than those from New York, the defendants assert that rates from the Gulf ports are made to meet competition with the rates from Baltimore and Newport News rather than New York. The lower basis of rates from the southern ports to Knoxville do not prove that the higher rates from New York are unreasonable.

That the lower rates from the Atlantic ports are met by the carriers from Gulf ports results in no undue or unreasonable prejudice against St. Louis or other points because such lower rates are made by the direct line through the Atlantic ports and not to meet them would in no way benefit St. Louis.

The present minimum of 30,000 pounds is sought to be increased to 40,000 pounds. The average lading is now in excess of the proposed minimum, and there is no reason why such minimum should not be increased.

Protest was made against the proposed import rate on fuller's earth. The rate from New Orleans to Chicago is now 14 cents, and an increase of 2 cents per 100 pounds is sought. It is also proposed to increase the carload minimum from 40,000 to 50,000 pounds. The present rate from New York to Chicago is 22 cents. This commodity is used in refining cottonseed oil and is worth about \$15 per ton; it loads to an average of 50,000 pounds. The proposed rates are less, mile for mile, than rates from New York, and are less than rates on scrap iron from New Orleans to St. Louis, which were sustained by the Commission in *Rates on Scrap Iron from Gulf Ports*, 33 I. C. C., 668.

Both the present and proposed rates are higher in some cases for shorter than for longer distances. The present rates are protected by fourth section applications which have not been finally determined, and our conclusions here are subject to whatever finding may be made on such pending applications.

We are of the opinion and so find that the carriers have justified the increased import rates and the higher minimum carloads, and an order vacating the suspension thereof will be entered.

FRUITS AND VEGETABLES.

The carriers propose to increase their carload rates upon fruits and vegetables from various producing points in the state of Texas to numerous destinations in other states.

In general it is the contention of the carriers that their present rates are too low, and that the fruit and vegetable traffic is a particularly expensive one to handle. It is a seasonal traffic, heavy while it lasts, and one which because of the perishable nature of the commodities involved must be handled expeditiously. It is necessary that the carriers make preliminary estimates of the prospective crop to determine the number of cars which will be required to move the traffic. A large part of the equipment must be brought from the north empty and held on sidetracks until needed. Should the estimate of the crop prove oversanguine, many of those cars will not be used, but should the crop mature more rapidly than was expected or exceed such estimate, the carriers must make extraordinary efforts to secure additional cars. Failing to furnish an adequate car supply, they will be confronted with damage claims. The greater part of the movement is in refrigerator cars which not only hold less than the ordinary box cars, but excluding 5,000 pounds of ice, weigh approximately 5 tons more. The weight of this ice is not included in the revenue-producing load. Reconsignment also adds materially to the expense of handling fruits and vegetables. It is the practice of the shippers to start a car before it has been sold, and later to reconsign it to the most favorable market. As a result most cars are reconsigned at least once, and many two and three times. Shippers are permitted without charge to stop a car for further loading or for partial unloading. The carriers admit that loss and damage claims are small, which they say is due to the celerity and care with which the traffic is handled.

The protestants urge that the fruit and vegetable industry in Texas is now unprofitable and will be seriously crippled by any increase in the freight rates. They concede, however, that there has been at least till recently a steady and considerable increase in the acreage devoted to the raising of fruits and vegetables. This is a

fact which we consider, but we can not because of the disability of some particular territory which prevents it from competing with others on even terms, require the carriers to accord rates unreasonably low. The protestants compare the rates from Texas with those in effect from competing districts, but conditions attending transportation from these districts are so different that such comparisons are of little value. The comparisons do show that to many markets the Texas produce must pay a rate as high as or higher than that from other districts, even in instances where the haul is shorter. It is usually true that rates in the southwest are upon a higher basis than rates in other and more thickly populated parts of the country.

Our attention is called to the rate of 43 cents per 100 pounds upon bananas from Galveston to St. Louis. Bananas move under ventilation, load about the same as the Texas produce, and are worth generally as much as the latter. That rate, however, applies upon an imported commodity, and has been fixed largely with reference to the competition of other ports, and is not a proper standard with which to compare the rates now before us for examination.

Most of the producing points are situated in the Texas common point territory and take the same rates, but some points take differentials over the common-point rates. It will, however, be unnecessary to consider those points separately since the arbitraries are unchanged or are reduced 3 cents. Similarly it will be unnecessary to give particular attention to the rates to points in central freight association and trunk line territories, since they are made on the basis of arbitraries over the rates to East St. Louis, and these arbitraries the suspended tariff does not increase over those now in effect, with the exception of the arbitraries on lettuce and other vegetables which are published in column 10 of the suspended tariff, Leland's I. C. C. No. 1071. Those we shall not consider in this proceeding and shall order to be canceled, since they are now published in another tariff and are under investigation in Investigation and Suspension Docket No. 602.

Strawberries.—The suspended tariff includes strawberries, blackberries, raspberries, and grapes, but the large movement consists of strawberries, which when shipped in straight carloads are subject to a minimum weight of 17,000 pounds. The movement is entirely under refrigeration. The rates applicable, in cents per 100 pounds, from Texas common points at the present time are as follows:

To—	Rate.	To—	Rate.
Chicago.....	84	Minneapolis.....	84.5
Kansas City.....	75	Omaha.....	82
St. Louis.....	75		

These rates the carriers propose to increase 10 cents per 100 pounds.

Berries and grapes are rated third class in western classification, but the proposed rates to the points named will in no case exceed 82 per cent of the third-class rate. In *City of Crawford v. C. & N. W. Ry. Co.*, 25 I. C. C. 259, this Commission fixed a rate upon strawberries of \$1.43 for a haul of 1,122 miles from Fort Worth, Tex., to Crawford, Nebr., while the proposed rates are 94 cents from Alvin, Tex., to Chicago, 1,094 miles, and 93 cents from Carizo Springs, Tex., to Omaha, 1,106 miles.

We find that the proposed rates applicable on berries and grapes have been justified.

Peaches, pears, and plums.—The present rates in cents per 100 pounds on these fruits are as follows:

To—	Rate.	To—	Rate.
Chicago.....	59	Minneapolis.....	66.5
St. Louis.....	50	Omaha.....	55
Kansas City.....	50		

If the suspended tariff is permitted to become effective these rates will be increased 8 cents per 100 pounds.

Peaches, pears, and plums are third class in western classification, and move under refrigeration upon a minimum weight of 20,000 pounds. The proposed rates, however, are considerably lower than those on berries, and in no case exceed 59 per cent of the third class. They are low in comparison both with the class rates and rates fixed by the Commission on peaches. The following table compares rates fixed by the Commission in *Waxelbaum & Co. v. Atlantic Coast Line Railroad Co.*, 12 I. C. C., 178, and those proposed in this case:

Rates fixed in 12 I. C. C., 178.				Rates proposed in this case.			
From—	To—	Miles.	Rate.	From—	To—	Miles.	Rate.
Atlanta, Ga.....	Washington...	648	73	Jacksonville, Tex.	St. Louis.....	648	56
Macon, Ga.....	Baltimore....	738	73	Tyler, Tex.....	Omaha.....	733	63
Atlanta, Ga.....	Philadelphia..	783	76	Jacksonville, Tex.	do.....	763	63
Macon, Ga.....	New York.....	924	76	Do.....	Chicago.....	932	67

We find that the proposed rates on peaches, pears, and plums, have been justified.

Melons and vegetables.—The suspended tariff includes all kinds of vegetables and melons, in straight or mixed carloads, upon various minimum weights. The rates on these commodities are the same in practically every instance. The arbitraries to be used beyond East

St. Louis are the same as class 5 upon melons, vegetables without tops, and winter vegetables; and the same as class 4 upon vegetables with tops and summer vegetables.

To the more important western markets the present rates, in cents per 100 pounds, are as follows:

To—	Rate.	To—	Rate.
Chicago.....	57	Minneapolis.....	62
Kansas City.....	59	Omaha.....	54
St. Louis.....	59		

With the exceptions noted below the proposed increases are 8 cents per 100 pounds in every case. From points in differential territory the increase is 5 cents per 100 pounds. The new rates from Texas common points will exactly equal the class C rates, although from differential territory, where a large part of the shipments originate, they will be less than class C.

The articles which make up the bulk of the movement upon these rates are cantaloupes, lettuce, tomatoes, and onions. Except cantaloupes, which are rated class C in western classification, all of them are included in class 5, but by exception are accorded the class C rates. Other vegetables are practically all rated class 5, but are given class C by exception.

Onions are the only important produce moving upon these rates which do not require refrigeration, and they move in refrigerator cars under ventilation. All of the articles are perishable, require an expedited service, and are frequently reconsigned. The subjoined tables are illustrative of the relationship of these rates and rates which in the past we have fixed or approved.

Rates on vegetables fixed in Florida Fruit & Vegetable Shippers Protective Association v. A. C. L. R. R. Co., 17 I. C. C., 552.

From Jacksonville, Fla., to—	Miles.	Rate under ventilation (21,000 lbs. minimum).	Rate under refrigeration (17,500 lbs. minimum).
		Cents.	Cents.
Philadelphia.....	1,151	62	74
New York.....	1,342	66	78
Boston.....	1,477	78	90

Rates fixed in City of Crawford v. C. & N. W. Ry. Co., 25 I. C. C., 259.

Fort Worth, Tex., to Crawford, Nebr., 1,122 miles:	Per 100 pounds.
Summer vegetables.....	\$1.14
Winter vegetables.....	.89
Cantaloupes.....	.89

35 I. C. C.

Rates on tomatoes approved in Rates on Tomatoes from Jacksonville, Fla., to Kansas City, 33 I. C. C., 145.

From Jacksonville, Fla., to—	Miles.	Rate.
Kansas City, Mo.....	1,180	<i>Cents.</i> 83
St. Paul, Minn.....	1,482	86

Proposed rates on vegetables and melons from Texas.

From—	To—	Miles.	Rate.
Laredo, Tex.....	Omaha, Nebr.....	1,126	<i>Cents.</i> 83
Milano, Tex.....	Minneapolis, Minn.....	1,146	70
Brownsville, Tex.....	St. Louis, Mo.....	1,168	60
Do.....	Omaha, Nebr.....	1,242	64
Do.....	Chicago, Ill.....	1,452	67

We are of the opinion and find that the rates on these commodities have been justified, and we shall permit them to become effective.

Cabbage in straight carloads.—Cabbage in straight carloads of not less than 24,000 pounds is accorded rates which are somewhat lower than those applicable on vegetables generally. The proposed increases are uniformly 5 cents per 100 pounds. Typical of the present rates, in cents per 100 pounds, from Texas common points are the following:

To—	Rate.	To—	Rate.
Chicago.....	52	Minneapolis.....	57
Kansas City.....	45	Omaha.....	49
St. Louis.....	45		

Cabbage, like most vegetables, is shipped under refrigeration. It moves north in large quantities and has a low value as compared with other vegetables.

The proposed rates to the points named in the above table exceed in no instance 89 per cent of the class C rate, and are upon a basis lower than the rate which we established in *City of Crawford v. C. & N. W. Ry. Co., supra*, and which was 84 cents per 100 pounds for the 1,122-mile haul from Fort Worth to Crawford. The respondents' proposed rate for the 1,168-mile haul from Brownsville, Tex., to St. Louis is 55 cents. We find that the proposed rates here under consideration have been justified.

Potatoes in straight carloads.—Like cabbage, potatoes are accorded the same car minimum and rates generally lower than those on vegetables in straight carloads. The rates are, however, 5 cents per 100 pounds less than the rates on cabbage. As the proposed increase

upon potatoes is the same as on cabbage, the present relationship will be maintained under the proposed rates.

From the standpoint of transportation the only important distinction between cabbage and potatoes is that the latter do not require refrigeration and are to a large extent shipped in stock cars. We find that the proposed rates on potatoes have been justified.

Watermelons in straight carloads.—The suspended tariff provides rates on watermelons in straight carloads with a minimum weight of 24,000 pounds. Shipments made during the second half of the year are carried on rates 5 cents per 100 pounds less than those prevailing during the first half of the year. Lower rates for the later period were established by the carriers to enable the Texas growers to meet the more severe competition which develops when the northern melons reach the markets.

The rates, in cents per 100 pounds, now in effect from Texas common points to the more important western markets are as follows:

To—	January— June, inclusive.	July— December, inclusive.
Chicago.....	47	C
Kansas City.....	40	B
St. Louis.....	40	B
Minneapolis.....	52	C
Omaha.....	44	B

The proposed increases are generally 5 cents per 100 pounds, although from points in differential territory the increases are 2 cents per 100 pounds.

Watermelons are rated class C in western classification. Unlike most of the Texas produce, they do not require refrigeration, and move largely in stock cars. To the points named in the above table the rates in no case exceed 82 per cent of the class C rates during the first half of the year and do not exceed 75 per cent of the class C rates during the second; and for the same distance they are less than rates which we approved in *City of Crawford v. C. & N. W. Ry. Co.*, *supra*. The rates then sustained were 71 cents and 66 cents for a haul of 1,122 miles from Fort Worth to Crawford, whereas the rates now under suspension are 47 cents and 42 cents from Raymondville, Tex., to St. Louis, a distance of 1,122 miles.

We find that the respondents have justified their proposed rates on watermelons from Texas.

In the foregoing discussion of the fruit and vegetable rates from Texas we have named only those articles which constitute the larger part of the movement, but we are to be understood as also giving our approval to the proposed rates when applied to the other produce now taking the same rates as the articles mentioned in this report.

HAY.

The increase proposed in the rates upon hay is generally 2 cents per 100 pounds, observing class C as a maximum, but no increases are proposed from Kansas points to the Missouri River. From Iowa and Missouri the present increase is approximately from 1 to 1½ cents. From Nebraska, from Kansas where increases are made, and from Oklahoma, the proposed rates are 2 cents in excess of those existing, although this does not bring them up to class C, while from Iowa and Missouri they are on a class C basis.

The following is a table of rates which are typical for distances approximating the average for the movement of hay:

Typical hay rates.

From—	To—	Distance.	Present rate (per 100 pounds).	Proposed rate (per 100 pounds).
		<i>Miles.</i>	<i>Cents.</i>	<i>Cents.</i>
Libon, Iowa.....	Chicago, Ill.....	201	13	14
Mount Pleasant, Iowa.....	St. Louis.....	220	11	13
Elkton, S. Dak.....	Omaha, Nebr.....	305	21.5	26
Swanwood, Iowa.....	Kansas City.....	236	17	17
Wagoner, Okla.....	Memphis.....	382	21.5	23.5
Gates Center, Kans.....	Fort Smith, Ark.....	224	13	20
Wagoner, Okla.....	Fort Worth, Tex.....	299	16	16

While most of the large towns of this district included in the tariffs under suspension are hay markets, the more important are Kansas City, Mo., Chicago, Ill., and St. Louis, Mo. There is at these centers a congestion of hay cars due chiefly to the customs of the trade. Most of the business is handled from team tracks, and the equipment is there detained until a purchaser is found for the commodity, which in many cases is peddled directly from the cars. Because of this delay in disposing of the merchandise on the delivery tracks many cars accumulate which it is impossible to place for delivery, and for which demurrage is not charged.

At Chicago hay involves a greater terminal expense and delay of equipment than any other commodity; certain tracks are assigned to it, and these must be near the center of the city, that the hay may be available for hauling by team. The situation at St. Louis is similar; the average detention above free time for 1,311 cars during July and August, 1914, was over four days, and terminal congestion is as great as at Chicago. In New Orleans, where the carriers each have a warehouse exclusively for hay, there are but few deliveries from team tracks, and due to the long time hay is allowed to remain in storage by the owner there is chronic congestion, resulting in frequent embargoes. At Kansas City the average detention of the cars of five large systems for a period of six months in 1914 was 4.96 days, and over 80 per cent of the cars were reconsigned; at Memphis for 1914 the average detention was 2.7 days over the free time.

These delays for the most part can not be charged to the carriers. Special services in particular localities should be paid for by a special charge and the cost not distributed generally among all the rates upon a commodity; but the peculiar terminal costs incident to the delay of equipment carrying hay at the markets cited, while they differ somewhat in the several localities, appear in the great majority of places where hay is delivered, and may be said to be incident to the hay traffic as at present conducted.

This loss of the use of the equipment resulting from the method of handling this traffic is an important factor to be considered in determining the reasonableness of a rate. In *National Hay Assn. v. M. C. R. R. Co.*, 19 I. C. C., 34, where the fifth-class rates on hay and straw were sustained, and where it was held that under the fifth-class rates hay paid lower charges for the service rendered by the carriers than grain, it was remarked at page 47 that—

The carrier is entitled to take into consideration the occupancy of its equipment and facilities, or in other terms to charge for the service rendered.

In *Kansas City Hay Dealers' Assn. v. M. P. Ry. Co.*, 14 I. C. C., 597, where the Commission refused to disturb the minimum loading requirement on hay under the rates into and out of Kansas City, it was stated at page 603 that it was conceded that—

the hay traffic is not a desirable one to the carriers as compared with other and more profitable uses that may be made of their equipment.

The table below shows revenue per net ton-mile, per gross ton-mile, and per car-mile, average load and distance haul for hay and all carload freight, six roads, fiscal year 1914:

Name of road and commodity.	Average tons per car.	Average distance haul.	Revenue per net ton-mile.	Revenue per loaded gross ton-mile.	Revenue per car-mile ¹
<i>A., T. & S. F.:</i>		<i>Miles.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Cents.</i>
Hay, straw, and alfalfa.....	11.39	213	11.35	4.40	11.9
All carload freight.....	24.70	268	8.79	4.72	2.7
<i>C. & N. W.:</i>					
Hay.....	11.70	202	9.78	3.86	11.4
All carload freight.....	28.00	143	7.54	4.23	2.1
<i>C., St. P., M. & O.:</i>					
Hay.....	12.20	90	13.19	5.34	14.1
All carload freight.....	23.00	155	7.55	4.23	2.3
<i>St. L. & S. F.:</i>					
Hay.....	12.00	218	10.01	4.07	12.5
All carload freight.....	27.00	180	8.43	4.80	2.2
<i>M., K. & T. lines:</i>					
Hay.....	11.21	141	12.26	5.11	13.5
All carload freight.....	22.06	203	9.27	4.98	2.3
<i>Rock Island lines:</i>					
Hay.....	12.80	194	9.27	3.80	11.5
All carload freight.....	24.21	241	7.45	4.07	2.0
<i>Total, six roads:</i>					
Hay and straw.....	11.75	195	10.66	4.21	12.5
All carload freight.....	25.75	196	8.12	4.51	2.0

¹ From data in Wetting's Exhibit A.

Following is a statement compiled from one of the respondents' exhibits showing the comparison of the gross ton-mile earnings on hay under the rates proposed between Kansas City and representative destinations with the gross ton-mile earnings on certain other commodities between the same points:

Statement showing the comparison of earnings on hay under proposed rates with certain other commodities moving between Kansas City, Mo., and points indicated.

Commodity.	St. Louis, Mo., 277 miles.	Memphis, Tenn., 624 miles.	Little Rock, Ark., 466 miles.	Fort Worth, Tex., 508 miles.	Shreveport, La., 561 miles.	Alexandria, La., 684 miles.	Lake Charles, La., 745 miles.	Houston, Tex., 746 miles.	New Orleans, La., 867 miles.	Average miles.	Average earnings per gross ton-mile.
	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>	<i>Mills.</i>		<i>Mills.</i>
Hay.....	4.3	2.1	3.3	4.1	3.7	3.1	3.4	3.4	2.4	597	3.3
Agricultural implements.....	7.9									277	7.9
Bags.....									3.1	867	3.1
Canned goods.....	8.9		6.6	10.0	6.0	4.9	5.3	7.7	4.9	611	6.8
Crackers.....	10.4									277	10.4
Corn.....		3.1	4.0	5.7	4.5	3.8	4.6	4.5	2.9	637	4.1
Cottonseed oil.....		5.0								484	5.0
Cottonseed meal.....		3.5	3.4							490	3.4
Cottonseed cake.....		3.6	3.5							490	3.5
Osmment.....			4.3							496	4.3
Condensed milk.....				9.9				7.4		623	8.6
Fertilizer.....		3.4								484	3.4
Glassos.....				9.4				5.8		628	7.6
Iron wire and nails.....	8.9									277	8.9
Iron articles.....		6.3								484	6.3
Lumber (yellow pine).....		4.2	5.5			3.7	3.7			603	4.3
Lumber (hardwood).....		4.3	4.4							490	4.3
Lumber (cypress).....					4.9					561	4.9
Lard.....			9.2		7.3		7.9		4.6	667	7.3
Molasses.....									3.7	867	3.7
Machinery.....	9.3			15.0						892	12.1
Rice.....							4.8	4.7	4.7	787	4.7
Rosin.....						4.4	4.0			714	4.2
Stoves.....	7.7									277	7.7
Soap.....		4.7	7.1	10.7	6.9	4.9	5.7	7.1	3.8	637	6.4
Sugar.....									3.9	867	3.9
Soda.....				11.7						508	11.7
Sulphuric acid.....		3.7								484	3.7
Tin articles.....	9.3									277	9.3
Turpentine.....	6.1					6.0	4.4			714	5.2
Wrapping paper.....	9.1									277	9.1
Woodenware.....				11.3						277	11.3
Wire (iron and steel).....										508	11.3

¹ Indicates lower earnings per gross ton-mile than earnings on hay.

² Indicates approximately the same earnings per gross ton-mile as earnings on hay.

The only commodity out of the 33 shown in this table with average gross ton-mile earnings less than those upon hay is bags.

The following proposed proportional rates on hay shown in the table on the following page are representative.

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From Kansas City to—	Distance.	Proposed rates per 100 pounds.
	<i>Miles.</i>	<i>Cents.</i>
Calro, Ill.....	429	12.5
Chicago, Ill.....	451	13.5
St. Louis, Mo.....	277	14.5
St. Paul, Minn.....	453	19.5
Memphis, Tenn.....	484	18.5
Little Rock, Ark.....	496	20
Fort Worth, Tex.....	506	25.5
Shreveport, La.....	551	25
Alexandria, La.....	634	25
Lake Charles, La.....	745	30.5
Houston, Tex.....	749	20.5
New Orleans, La.....	897	25.5

In *Rates on Hay from the Northwest to Chicago*, 25 I. C. C., 680, decided January 13, 1913, the rates from points in North Dakota, South Dakota, Minnesota, Wisconsin, Illinois, and Iowa to Chicago and other western markets were held reasonable. The increases allowed in that case varied from one-half to 4½ cents per 100 pounds and averaged about 2 cents. The reasons for permitting the increase were lack of revenue from the traffic and a discrimination which existed in favor of hay as against other commodities. The increase in that case in most instances brought the rates up to class C, save when long hauls were involved, and class C the respondents have observed as a maximum in the rates now under consideration.

At that time the carriers announced their intention of making like adjustments in the rates on hay from Missouri, Iowa, Kansas, and Nebraska, and their action in this case is supplemental to that in the case cited.

The Wisconsin commission has permitted an increase up to the level of class C on hay rates from Wisconsin points uniformly to Milwaukee.

In recent years the price of hay at the markets has steadily risen, while for the most part the rates have remained stationary. At Chicago the average price per ton of all kinds for the years 1900–1914, as given by the exhibits of the respondents, is \$14.51, and the averages for periods shown below were as follows:

1900–1902.....	\$12.73
1903–1905.....	11.78
1909–1911.....	16.86
1912–1914.....	17.14

The respondents have shown that the transportation of hay and straw involves peculiar expenses; that the average lading is small; and that it produces average earnings, both gross ton-mile and car-mile, which are low as compared with those upon other articles.

We are of the opinion and find that the rates on hay proposed in the tariffs under suspension, save for specified exceptions, have been

shown to be reasonable, and an order will issue vacating their suspension. Wherever the rates in the suspended tariffs exceed class C, we shall require that they be canceled by the respondents, who may, if they so desire, in such instances file new tariffs wherein the rates on hay and straw shall not exceed class C.

COTTON PIECE GOODS.

Certain increases have been proposed in the rates on cotton piece goods to and from points in western trunk line territory, and from certain points in southwestern territory.

In western classification cotton piece goods are classified first class; in southern classification they are rated fourth class, and in official classification 15 per cent less than second class. The rating in western classification is much higher than that in southern or official classification. By exception to western classification cotton piece goods in western trunk line territory have for more than 25 years been rated third class. During practically this same period the rate from the Mississippi River to the Missouri River, although published as a commodity rate, has been the same as the third-class rate, and the rate from Chicago to the Missouri River has been 5 cents higher than the third-class rate. The proportional rate from the Mississippi River to the Missouri River, applicable on shipments originating east of the Indiana-Illinois state line, which will be referred to in more detail a little later, has been, for approximately this period, the same as the third-class rate.

By the tariffs under suspension respondents propose to increase the rates on cotton piece goods from Minneapolis, Chicago, Peoria, St. Louis, Memphis, and New Orleans, and from certain other western trunk-line points, to western trunk line territory and to points in Kansas and Nebraska, 5 cents per 100 pounds. They also propose to increase by the same amount the proportional rate of 32 cents from the Mississippi River to the Missouri River, applicable on shipments originating east of the Indiana-Illinois state line. This rate was fixed by us in *John Taylor Dry Goods Co. v. M. P. Ry. Co.*, 28 I. C. C., 205, and our order in that case is effective until September 15, 1915, but the tariffs publishing the increase of this rate were filed with our permission and with the understanding that they would be suspended and considered with the other proposed increases. The 5-cent increase from Chicago, St. Louis, and Memphis to points in Kansas and Nebraska is at variance with the understanding reached between the Commission, the complainants and the defendants after our decision in *State of Kansas v. A., T. & S. F. Ry. Co.*, 27 I. C. C., 573, where certain commodities, including cotton piece goods, were given reduced rates after conference with us.

The amounts of the proposed increases appear to have been arrived at as described in the following paragraph from respondents' brief:

In determining upon 5 cents as a uniform rate of advance from western trunk line shipping points to western trunk line territory and to Kansas and Nebraska destinations, the carriers naturally went to the current rate of 35 cents from the Mississippi to the Missouri, which was the same as the third-class rate; that it was believed that, measured by that 35-cent rate, an advance of 5 cents was about what could be justified upon a percentage basis, although the feeling was that from the classification viewpoint and correct rate-making principles, without regard to what had gone before, the full first-class rate of 60 cents would be justifiable.

Cotton piece goods are manufactured in three general sections of the country—the New England states, the southeastern states, and in Texas. Respondents urge that cotton piece goods have been for many years subjected to very keen competition both between producing districts and between jobbers located at Missouri and Mississippi River points and at Chicago; that we should find the increases justified because (1) cotton piece goods are the only important articles shipped in western trunk line and trans-Missouri territories in less-than-carload lots which take a lower rate than that of their class; (2) in many instances cotton piece goods are more valuable than some kinds of dry goods taking the first-class rate; (3) the existing rates are the result of competition, which has made them unduly low.

The rates in this territory are any-quantity rates and can not be considered less-than-carload rates as contended for by respondents. To certain destinations, especially the Missouri River cities, there is a considerable movement of cotton piece goods, and shipments of carload quantity are sometimes made.

The following table shows the third-class rates and the present and proposed rates from St. Louis, Chicago, Minneapolis, and St. Paul to points in western trunk line territory used as representative by respondents, to the Missouri River crossings, and to points in Kansas:

To—	From St. Paul and Minneapolis, Minn.			From Chicago, Ill.			From St. Louis, Mo.		
	Third-class rate.	Present rate.	Proposed rate.	Third-class rate.	Present rate.	Proposed rate.	Third-class rate.	Present rate.	Proposed rate.
Minneapolis, Minn.....				40	40	45	42	42	47
Mason City, Iowa.....	28	28	33	40	40	45	41	41	46
Cedar Rapids, Iowa.....	40	40	45	31	31	36	33	33	38
Ottumwa, Iowa.....	33	33	38	40	40	45	29.5	29.5	34.5
Des Moines, Iowa.....	40	40	45	36	36	41	33	33	38
Springfield, Mo.....	53	60	65	50	55	60	40	40	45
Sedalia, Mo.....	48	55	60	45	50	55	32	35	40
Omaha, Nebr.....	45	50	55	45	50	55	35	35	40
Kansas City, Mo.....	48	55	60	45	50	55	35	35	40
Topeka, Kans.....	62	75	80	59	70	75	49	55	60
Wichita, Kans.....	89	110	115	86	105	110	76	90	95
Salina, Kans.....	85	105	110	82	100	105	72	85	90
Dodge City, Kans.....	101	116	121	108	116	121	98	110	115
Goodland, Kans.....	101	115	120	108	116	121	98	110	115

It will be noted that the rates from St. Louis are not higher than the third-class rates except to Sedalia and to the points in Kansas. The movement from St. Louis to Sedalia is intrastate. The rates to the Kansas points resulted from a compromise between carriers and shippers, approved by us, growing out of the *State of Kansas case, supra*. From Chicago the rates on cotton piece goods to the destinations shown above are not higher than the third-class rates except to Missouri River points where the basis is 5 cents over the third-class rates, and to Springfield and Sedalia, and to points in Kansas. Approximately the same is true as to the rates from St. Paul and Minneapolis. The fact that the rates to Kansas points are higher than the third-class rates is not persuasive inasmuch as the commodity rates were made in combination on the Missouri River, using third-class rates to the river and first-class rates beyond. When they were reduced they were not brought down to the western trunk line level of third class.

The class rates from the Mississippi River to the Missouri River have been before us in several proceedings and because of the relationship existing between the third-class rates and the rates on cotton piece goods the latter rates have also been before us. Prior to our decision in *John Taylor Dry Goods Co. v. M. P. Ry. Co., supra*, the any-quantity rate in effect from the Mississippi River to the Missouri River, applicable either as a local or proportional rate, was 35 cents. This rate was first established in 1894. It was published as a commodity rate, but from that period down to the effective date of our order in the *Burnham-Hanna-Munger case*, 14 I. C. C., 299, it was kept the same as the contemporaneously effective third-class rate. By that decision the class rates from the Mississippi River to the Missouri River upon the numbered classes, when applied to traffic originating at the Atlantic seaboard, were reduced. The third-class rate thus established was 30 cents. Subsequently in the *Warnock case*, 21 I. C. C., 546, our decision in the *Burnham-Hanna-Munger case* was reconsidered and a full scale of class rates was established applicable upon traffic originating east of the Indiana-Illinois state line. The third-class rate thus fixed was 32 cents, and it is still in effect. As the 35-cent rate on cotton piece goods was published as a commodity rate it was not affected by our decisions in the cases above cited, and the complaint in the *John Taylor Dry Goods Company case* was brought to secure a reduction of the 35-cent rate to the basis of the 32-cent proportional third-class rate. We found that the 35-cent rate as applied to shipments originating east of the Indiana-Illinois state line was unreasonable in so far as it exceeded the third-class rate of 32 cents. As stated, respondents now propose to increase this rate to 37 cents. The local third-class rate from the Mississippi

River to the Missouri River is now 35 cents and the local commodity rate on cotton piece goods is the same. It is proposed to increase this local commodity rate to 40 cents.

Protestants, who are principally interested in the proportional rate between the rivers, assert that in this proceeding the respondents are, in fact, urging that our decision in the *John Taylor Dry Goods Company case* was in error, and reasserting their claim that the first-class rate is the only proper rate for cotton piece goods.

Respondents have introduced no comparisons of rates to show that the present rates are too low or that the proposed rates would be reasonable. They have relied almost entirely upon the fact that cotton piece goods are rated first class in western classification, that they are as valuable as certain articles of dry goods now moving under first-class rates, and that therefore the third-class rating is too low. They do not show that the circumstances and conditions surrounding this traffic at the present time are substantially dissimilar from those existing at the time our order was entered. They have selected certain points, principally Chicago, Peoria, St. Louis, Memphis, Minneapolis, St. Paul, and New Orleans, and propose to impose upon cotton piece goods moving therefrom an increase of 5 cents. The rates from other points in western trunk line territory will remain as they are. No satisfactory reason is shown why the rates from the points named should be singled out for increases.

By respondents' voluntary action the rates on cotton piece goods have, as we have seen, been the same as the third-class rates in this territory for more than 25 years, and we find in the record no justification for departing from this uniform rule as to a limited number of selected points. The third-class rating in western trunk line territory is lower than the rating in official classification. If that rating is too low, the remedy is not to select the points from or to which the greater quantities are shipped and as to them establish commodity rates that are higher than the class rates. There is no contention that the circumstances and conditions of transportation are different as to the points that have been selected to bear increased rates from those at the many other points to and from which it is proposed to continue the third-class rates.

The propriety of the proposed increased rates on cotton piece goods from or between points in western trunk line territory has not been shown. These schedules must be canceled.

Respondents propose to increase the rates on cotton piece goods from producing points in Texas to the following destinations by varying amounts: (1) to points east of the Indiana-Illinois state line and north of the Ohio River, 20 cents; (2) to that part of western trunk line territory east of the Missouri River and west of the Indiana-

Illinois state line, 10 cents; (3) to points on and west of the Missouri River, including points in Kansas, Nebraska, and Oklahoma, 5 cents; (4) to New York via the Gulf of Mexico, 10 cents; (5) the carload rates from points in Texas, 5 cents, except to seaboard territory via the Gulf where an increase of 10 cents is proposed. An increase of 10 cents is also proposed in the rates on sheets and pillowcases and similar articles, which now move on commodity rates higher than the rates on cotton piece goods, from certain points in Texas.

Some 10 or 15 years ago the railroads, in an effort to encourage the manufacture of cotton piece goods in Texas, established any-quantity commodity rates from producing points in that state to numerous destinations. The present rates in most instances are lower than the third-class rates and there are also in effect carload rates to several of the more important destinations in western trunk line territory.

The production of cotton piece goods in Texas is confined principally to the cheaper and coarser fabrics, such as duck, drills, denims, and sheetings, and it is asserted that a number of these articles have to undergo a further process of manufacture at other points in order to put them in condition for ultimate use.

It appears that the rates from Texas producing points were originally made with relation to the rates from Atlanta in order to put Texas producers on an equal basis with the manufacturers of cotton piece goods in the southeast. The rate from Atlanta to Chicago at that time was and now is 55 cents. That rate was established from Texas producing points to Chicago and remains the same to-day.

Protestants vigorously oppose the proposed increases and assert that if the proposed rates are allowed to become effective this new industry in Texas will be injured and that they will be placed at a decided disadvantage as compared with their competitors in the southeast. The table on the following page, introduced as a compilation from protestants' exhibits, shows the rates and distances from the producing points in the states named as compared with the present and proposed rates, and the distances, from Texas producing points.

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	Texas.			Miss.		Ala.		Ga.		S. C.	
	Dist.	Pres. Rate.	Sus. Rate.	Dist.	Rate.	Dist.	Rate.	Dist.	Rate.	Dist.	Rate.
Akron, Ohio.....	1,126	60	89	-----	-----	785	52	793	55	841	62.6
Aurora, Ill.....	1,020	55	65	-----	-----	797	51	826	55	888	62.6
Beloit, Wis.....	1,072	70	80	-----	-----	851	77	940	70	983	62.6
Benton Harbor, Mich.....	1,073	78	96	-----	-----	908	58	940	55	898	62.6
Bloomington, Ill.....	1,854	61	71	-----	-----	827	53.3	756	51	845	55
Buffalo, N. Y.....	1,417	65	75	1,066	58.2	984	55.2	902	58.2	957	62.6
Cedar Rapids, Iowa.....	824	71.7	81.7	-----	-----	934	70	1,075	71.9	1,151	78.6
Cincinnati, Ohio.....	994	60	80	621	48.3	539	44.6	547	49	601	54.6
Chicago, Ill.....	983	55	65	-----	-----	744	51	833	55	901	62.6
Des Moines, Iowa.....	737	77.6	87.6	-----	-----	810	75	885	53.6	1,102	58.6
Detroit, Mich.....	1,185	60	89	-----	-----	880	55	811	51.4	806	55
Indianapolis, Ind.....	939	61	81	-----	-----	624	50	550	46	639	50
Kansas City, Mo.....	517	60	65	-----	-----	668	77.4	798	80	941	82
Louisville, Ky.....	890	56	76	512	47	438	43.6	537	49	601	54.6
Omaha, Nebr.....	711	62	67	-----	-----	866	77.4	991	80.6	1,100	82
Peoria, Ill.....	872	60	70	-----	-----	645	52.5	720	51	861	55
St. Louis, Mo.....	697	55	65	-----	-----	470	43.3	545	47.3	686	50
St. Paul, Minn.....	1,007	61	66	1,046	86.3	1,121	85.2	1,231	87	1,300	94.6
South Bend, Ind.....	1,037	65	85	-----	-----	882	60.8	813	51	902	55
Topeka, Kans.....	543	80	94	-----	-----	-----	-----	860	112	1,008	114
Wichita, Kans.....	431	75	80	-----	-----	-----	-----	918	120	1,066	131

¹ Carloads via Gulf.

² Less carloads via Gulf.

³ Carloads, minimum 30,000 pounds.

⁴ Less carloads.

⁵ Carloads, minimum weight 20,000 pounds.

⁶ Less carloads.

⁷ Proper.

⁸ Proportional rate when destined beyond.

The producing points used as representative from Texas are Bonham, Denison, McKinney, Sherman, Dallas, Waxahachie, Hillsboro, Corsicana, West, Cuero, Itaska, and Brenham. A witness for protestant testified that the above exhibit was compiled by using representative producing points in each of the states named and the short-line distances, via workable routes, from these points to the various destinations. Respondents objected to the acceptance of this and other exhibits, for the reason that protestants' witness was not definitely informed as to whether or not cotton piece goods actually moved from each of the producing points named in the southeastern states. However, they have not attempted in any way to controvert the above figures or to challenge the points used as representative from Texas, except to assert that the average distance from Texas common points to Chicago is over 1,100 miles, and that the short-line distance from Atlanta to Chicago is 731 miles. The average distance from Georgia mills, however, is greater than that from Atlanta. Certain of the Texas producing points named are north of Dallas; others are short distances south thereof; only a few of them are material distances from that point. Dallas might, therefore, well be considered as a representative point. The average distances from Texas producing points to Chicago and St. Louis, used by protestants, are somewhat longer than the short-line

distances figured by us from Dallas to these two points. We are not considering distances or rates from Texas common points, but from certain Texas producing points. We see no reason, therefore, why the distances stated in the above table should not be considered as representative.

It thus appears that the present rates from Texas producing points, distances considered, are substantially upon the same basis as those from producing points in Georgia and other southeastern states. The proposed rates, particularly the 20-cent increase to points east of the Indiana-Illinois state line and north of the Ohio River, will result in rates relatively higher from Texas than from points in the southeast. While respondents do not concede that the proposed rates will prohibit the movement of this traffic from Texas to central freight association territory, their principal witness asserts that "if it does, the movement will take place to some other territory that will yield better earnings to the southwestern carriers."

Respondents call our attention to the fact that the rate on cotton piece goods from Texas producing points to St. Louis is 55 cents, whereas the rate on raw cotton to St. Louis is 60 cents after the deduction of the compression charge. Further, that there is a south-bound rate of \$1.32 on cotton piece goods from St. Louis to Texas points fixed by the Commission, which is more than twice as high as the rate proposed. This is a class rate, and the cotton goods that move under it are of a higher grade than those manufactured in Texas.

It has not been shown that the circumstances and conditions surrounding this traffic from Texas producing points are now substantially dissimilar from those surrounding that from producing points in the southeast, nor has any real justification been shown for fixing the rates on cotton piece goods or on sheets and pillow-cases from the southwest on a radically different basis from that on which they were originally established. Substantial differences in distance are disregarded in the rates from the southeast, and apparently distance is in no sense controlling in either the present or proposed rates from Texas. To Peoria the rate for 861 miles from Georgia mills is 55 cents; for 917 miles from South Carolina mills it is 62.6 cents; for 872 miles from Texas mills it is 60 cents, and it is proposed to increase this to 70 cents. To Cedar Rapids, Iowa, the rate for 934 miles from Alabama mills is 70 cents; for 1,075 miles from Georgia mills it is 71.9 cents; for 1,151 miles from South Carolina mills it is 79.6 cents; for 824 miles from Texas mills it is 71.7 cents, and it is proposed to increase this rate to 81.7. To Wichita, Kans., it is proposed to increase to 80 cents the rate for a haul of 431 miles. To Buffalo, N. Y., a carload rate of 75 cents is

proposed for a haul of 1,417 miles via rail, ocean and rail. To Chicago, Ill., a rate of 65 cents is proposed for 983 miles, and to Indianapolis, Ind., 939 miles, it is proposed to increase the rate to 81 cents.

On the basis of distance several of the proposed Texas rates might be justified. But on that same basis others of them are apparently indefensible. The attempted justification is offered as to the proposed increased rates as a whole, and it fails to sustain the reasonableness and propriety of the suspended rates.

Upon the whole record we are of the opinion, and find, that the proposed increased rates on cotton piece goods and on sheets and pillowcases from Texas points have not been justified, and the suspended schedules must be canceled. Orders will be entered in conformity with the conclusions announced herein.

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APPENDIX.

The tables in this appendix are supplementary to those appearing in the text of this report. Where the purpose of a table is not apparent from what has been said in the text, an explanation is made in a footnote.

TABLE 30.—*Operating ratios for five selected railroads: 1901-1914.*

Year.	Ratio of operating expenses, including taxes and rents, ¹ to operating revenues.								
	C. & N. W. Ry			C., B. & Q. R. R.			C., R. I. & P. Ry.		
	Railroad witness Wetling.	Protestant witness Powell.	Commission's compilation. ²	Railroad witness Wetling.	Protestant witness Powell.	Commission's compilation. ²	Railroad witness Wetling.	Protestant witness Powell.	Commission's compilation. ²
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	63.7	63.2	63.62	68.8	68.9	68.43	71.1	71.2	69.85
1902.....	65.0	64.3	62.93	67.2	67.2	66.43	67.3	67.5	66.84
1903.....	67.2	66.7	65.64	64.8	65.0	64.09	68.6	68.9	72.04
1904.....	70.1	68.7	68.50	68.0	68.3	67.28	76.2	76.2	75.05
1905.....	69.6	69.3	67.56	66.5	66.8	66.20	76.5	76.6	73.36
1906.....	66.7	66.5	63.81	71.8	72.2	71.61	73.8	73.6	75.43
1907.....	68.7	68.6	66.86	74.7	74.9	74.42	73.3	72.9	74.26
1908.....	70.6	70.5	70.83	74.8	74.5	75.22	78.9	79.3	81.01
1909.....	70.7	70.7	71.02	73.6	72.9	74.08	76.7	77.5	78.61
1910.....	73.1	73.1	76.35	76.4	77.5	76.83	80.6	81.6	82.94
1911.....	73.4	73.4	76.66	72.1	73.1	72.52	79.2	80.5	82.20
1912.....	77.6	77.6	77.89	74.9	76.6	75.30	79.6	81.0	82.78
1913.....	75.7	75.8	75.98	71.1	71.9	71.61	80.7	82.1	83.68
1914.....	77.4	77.4	77.66	72.4	73.3	72.59	83.0	84.3	85.88

Year.	Ratio of operating expenses, including taxes and rents, ¹ to operating revenues.					
	A., T. & S. F. Ry.			M., K. & T. Ry.		
	Railroad witness Wetling.	Protestant witness Powell.	Commission's compilation. ²	Railroad witness Wetling.	Protestant witness Powell.	Commission's compilation. ²
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	61.4	61.3	62.37	72.3	74.8	67.20
1902.....	61.0	60.9	59.35	72.4	75.0	71.28
1903.....	65.2	65.0	62.62	72.3	75.1	70.46
1904.....	65.4	65.3	64.28	73.2	77.1	76.88
1905.....	69.9	69.8	70.24	74.5	76.5	72.02
1906.....	65.3	65.1	64.09	72.9	75.0	70.84
1907.....	65.8	65.7	64.60	67.5	69.3	67.00
1908.....	71.6	71.4	68.05	75.4	75.7	76.01
1909.....	65.2	65.1	68.76	75.9	76.1	76.44
1910.....	71.5	71.5	69.84	78.9	79.1	79.30
1911.....	69.6	70.2	67.61	75.9	76.6	77.04
1912.....	70.6	71.3	69.19	80.5	81.0	82.46
1913.....	70.6	71.2	70.26	74.8	76.2	75.53
1914.....	71.2	71.9	70.39	78.5	78.6	78.87

¹ Includes net rents for lease of road.

² Method explained in connection with Table 1.

TABLE 31.—Ratio of operating expenses (not including taxes and rentals) to operating revenues, 1901 to 1914, for 9 western railroads shown in statistical tables submitted by Frank Lyon in the Western Advance Rate case of 1910, Docket 3500.¹

Year.	A. T. & S. F. Ry.	C. & A. R. R.	C. & N. W. Ry.	C. B. & Q. R. R.	C. M. & St. P. Ry.	C. R. L. & P. Ry.	M. & St. L. R. R.	Iowa Cent. Ry.	Wa-bash R. R.	Total.
	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
1901.....	51.5	60.8	60.0	63.9	61.8	63.3	66.7	77.8	69.5	61.1
1902.....	52.1	63.5	61.3	61.9	62.3	60.0	56.4	77.1	70.0	60.9
1903.....	58.5	62.8	62.5	59.5	62.4	61.7	59.0	79.7	72.4	61.9
1904.....	60.0	62.5	65.9	62.8	61.7	71.7	61.4	79.2	73.7	65.0
1905.....	64.5	61.3	64.7	61.7	60.7	68.5	60.7	75.6	79.8	65.1
1906.....	59.5	64.3	62.7	67.0	61.6	67.8	58.6	71.2	67.7	64.0
1907.....	60.4	61.4	65.0	69.7	63.7	67.3	64.1	67.5	66.9	65.2
1908.....	63.5	63.7	66.1	71.1	65.0	72.6	69.7	70.2	72.6	67.9
1909.....	59.1	59.8	65.8	69.9	65.2	70.1	68.2	77.2	71.4	68.9
1910.....	64.3	65.2	70.6	72.1	69.5	73.5	69.2	76.1	75.1	69.7
1911.....	63.5	72.0	71.1	67.8	72.8	72.3	69.2	75.4	81.9	71.7
1912.....	64.2	75.4	71.9	70.4	76.1	73.1	69.1	78.0	78.0	70.9
1913.....	65.1	84.5	70.4	67.0	69.4	74.5	69.1	81.6	81.6	70.6
1914.....	64.3	86.2	71.3	67.5	67.2	75.2	71.6	.....	.....	.....

¹ The method of adjustment for 1911 to 1914 for accounting changes is that used in 1910.

TABLE 32.—Operating ratios of Chicago, Burlington & Quincy Railroad: 1901-1914.

Year.	Railroad witness Wettling.		Protestant witness Powell.		Commission's compilation. ¹		Sturgis, 1910, adjustment excluding taxes and rentals.
	Excluding taxes and rentals.	Including taxes and rentals.	Excluding taxes and rentals.	Including taxes and rentals.	Excluding taxes and rentals.	Including taxes and rentals.	
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	64.8	68.8	64.8	68.9	65.18	68.43	63.2
1902.....	63.1	67.2	63.2	67.2	63.37	66.42	64.4
1903.....	61.6	64.8	61.9	65.0	60.91	64.09	64.3
1904.....	65.0	68.0	65.4	68.3	64.35	67.28	64.4
1905.....	63.7	66.5	64.0	66.8	63.36	66.20	63.7
1906.....	69.1	71.8	69.4	72.2	68.74	71.51	69.1
1907.....	71.2	74.7	71.4	74.9	70.94	74.42	71.2
1908.....	71.1	74.8	71.4	74.5	72.09	75.22	71.1
1909.....	69.4	73.6	69.7	72.9	70.94	74.08	69.4
1910.....	71.7	76.4	72.0	77.5	73.52	76.83	71.7
1911.....	67.5	72.1	67.8	73.1	69.12	72.52	67.5
1912.....	69.9	74.9	71.0	76.6	71.56	75.30	69.9
1913.....	66.6	71.1	66.8	71.9	67.81	71.51	66.6
1914.....	67.0	72.4	67.3	73.3	68.63	72.89	67.0

¹ Method as given in connection with Table 1.

The smaller amount of increase shown in the last column is due largely to the fact that "net depreciation" was deducted in that tabulation in each of the years 1905-1910, inclusive, amounting in 1910 to 4.2 per cent of the revenue of that year.

TABLE 33.—*Additions of equipment and renewals of rails and ties, western and southwest-ern roads: 1908-1914.*¹

Year.	Per 1,000 miles of line.						Per mile of line.			
	Locomotives added during year.		Passenger cars added during year.		Freight cars added during year.		Rails laid in renewals during year.		Ties laid in renewals during year.	
	West-ern.	South-west-ern.	West-ern.	South-west-ern.	West-ern.	South-west-ern.	West-ern.	South-west-ern.	West-ern.	South-west-ern.
	No.	No.	No.	No.	No.	No.	Tons.	Tons.	No.	No.
1908.....	10.9	8.3	4.7	7.4	517.8	821.2	5.9	3.3	312	385
1909.....	5.8	7.5	3.2	3.2	254.4	35.4	3.7	2.7	329	432
1910.....	12.9	11.1	10.0	18.2	453.8	302.0	7.0	6.7	356	446
1911.....	13.7	10.7	17.4	17.3	288.0	523.3	6.4	4.6	363	421
1912.....	18.0	15.8	8.2	8.1	350.5	250.1	4.4	4.4	307	376
1913.....	21.9	11.9	10.4	6.0	771.0	435.5	6.0	5.1	339	415
1914.....	7.6	5.6	10.8	7.0	612.5	240.7	5.9	2.8	357	395

¹ Commission's compilation. For names of roads included in groups, see Table 3. Equipment retired each year not considered in this table.

TABLE 34.—*Expenditures for maintenance per mile of line and density of traffic, eastern, southern, western, and selected railroads: 1913.*¹

Class I roads.	Mainte-nance of way and structures per mile of line oper-ated.	Mainte-nance of equipment per mile of line oper-ated.	Ton-miles per mile of line oper-ated.	Operating revenues per mile of line oper-ated.
Eastern.....	\$3,020	\$4,104	2,626,710	\$23,126
Southern.....	1,625	1,390	1,153,407	10,904
Western.....	1,358	1,455	788,235	10,079
P. R. R., 1913.....	5,846	9,511	5,653,606	45,101
C., B. & Q. R. R.: 1913.....	1,376	1,771	965,083	10,360
1901.....	1,099	780	499,326	6,396

¹ From Statistics of Railways in the United States and annual reports to Commission.

The purpose of this table is to show that comparative maintenance figures per mile of line may be misleading if consideration is not given to the amount of work done, roughly represented in this table by the ton-miles of freight and operating revenues per mile of line.

TABLE 35.—Ton-miles and passenger miles per car-mile and per train-mile, western and southwestern roads: 1901-1914.

Year.	Railroad witness Wetling.							
	Group I (western).				Group III (southwestern).			
	Ton-miles—		Passenger miles—		Ton-miles—		Passenger miles—	
	Per car-mile. ¹	Per train-mile.	Per car-mile.	Per train-mile.	Per car-mile. ¹	Per train-mile.	Per car-mile.	Per train-mile.
1901.....	9.6	224.9	7.7	36.5	9.6	220.6	7.5	34.9
1902.....	9.9	226.3	8.2	39.3	9.8	222.9	7.8	35.7
1903.....	10.2	246.8	8.3	40.4	10.3	236.2	7.9	37.8
1904.....	10.2	250.1	8.4	41.7	10.3	301.3	7.8	40.6
1905.....	10.3	265.3	8.9	44.7	10.2	241.2	8.4	42.5
1906.....	10.9	289.2	8.6	44.2	10.9	261.1	8.3	42.8
1907.....	11.6	300.5	9.0	46.3	11.5	279.2	8.7	43.5
1908.....	11.0	290.2	9.9	51.7	10.8	260.3	9.5	49.1
1909.....	10.7	290.7	10.2	54.2	10.7	264.0	9.9	51.9
1910.....	10.7	283.6	10.1	53.9	10.6	265.3	9.8	50.7
1911.....	10.9	306.1	10.0	54.4	10.4	271.7	9.6	50.5
1912.....	11.2	324.0	9.2	50.6	10.6	287.5	8.8	46.7
1913.....	12.1	362.9	9.4	52.0	11.3	313.5	9.2	48.3
1914.....	11.7	369.8	9.5	53.0	11.1	325.2	9.5	50.3

¹ Freight car-miles, loaded and empty.

For lists of roads, see Table 1.

The more rapid increase in the trainload than in the carload may be noted.

TABLE 36.—Ton-miles per car-mile, per loaded car-mile, and per train-mile, selected roads: 1901-1914.

Year.	Protestant witness Powell.											
	C., B. & Q. R. R.			C. & N. W. Ry.			C., R. I. & P. Ry.			M., K. & T. Ry.		
	Tons per car, loaded and empty. ¹	Tons per loaded car. ²	Tons per train. ³	Tons per car, loaded and empty. ¹	Tons per loaded car. ²	Tons per train. ³	Tons per car, loaded and empty. ¹	Tons per loaded car. ²	Tons per train. ³	Tons per car, loaded and empty. ¹	Tons per loaded car. ²	Tons per train. ³
1901.....	8.7	12.5	200.4	9.7	13.5	255.1	8.9	12.1	185.0	9.1	13.1	212.1
1902.....	9.3	13.0	220.5	11.7	15.5	267.1	8.4	11.9	184.1	8.9	14.3	204.4
1903.....	10.8	14.8	271.2	10.1	14.4	249.6	8.7	12.9	187.8	9.3	14.4	211.3
1904.....	11.1	15.5	284.1	10.2	14.5	244.6	9.4	13.9	221.7	8.7	13.5	198.7
1905.....	10.8	15.7	322.3	10.3	14.7	259.4	9.5	14.0	230.0	8.6	13.4	204.9
1906.....	11.4	16.5	370.4	11.2	16.1	285.9	9.9	14.4	246.9	9.3	14.3	211.9
1907.....	12.9	17.5	394.1	11.2	16.0	271.4	11.0	15.0	265.9	9.6	14.6	226.1
1908.....	12.0	17.5	384.3	10.2	14.8	261.4	9.7	15.2	255.5	9.3	14.7	222.0
1909.....	11.7	17.1	387.4	10.0	14.6	260.1	10.4	15.1	265.6	9.6	15.0	226.6
1910.....	11.7	17.0	381.3	10.5	15.5	260.7	10.0	15.0	257.8	8.7	14.9	225.3
1911.....	11.7	17.2	406.3	10.5	15.6	276.5	10.1	14.8	267.0	8.7	13.8	222.1
1912.....	12.4	18.2	437.7	11.0	16.9	298.9	10.4	15.1	276.9	9.1	14.6	226.8
1913.....	13.1	19.1	483.8	12.3	18.4	348.0	11.0	15.7	295.0	9.4	14.6	231.0
1914.....	12.6	19.1	478.6	12.0	18.4	347.6	10.9	15.9	306.1	9.4	14.9	234.0

¹ Ton-miles per loaded and empty freight car-mile.² Ton-miles per loaded freight car-mile.³ Ton-miles per freight train-mile.

TABLE 37.—Further illustration of utilization of freight cars: 1908-1914.

WESTERN.¹

Year.	Loaded cars per train.	Empty cars per train.	Freight per loaded car.	Freight per train.	Ratio of tons carried to tons of freight-car capacity. ²	Ratio of ton-miles to tons of freight-car capacity. ²
	<i>Number.</i>	<i>Number.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1908.....	18.5	7.5	16.5	305.1	14.6	3,248.6
1909.....	19.0	7.7	16.1	305.7	14.7	3,161.0
1910.....	18.8	7.3	17.4	327.1	16.1	3,627.4
1911.....	19.4	8.0	16.2	310.3	15.3	3,282.6
1912.....	20.0	8.1	16.7	334.1	15.1	3,216.8
1913.....	21.0	8.1	17.8	374.1	15.9	3,486.8
1914.....	21.3	9.4	17.9	381.9	14.5	3,174.6

SOUTHWESTERN.¹

1908.....	16.7	7.0	16.0	268.3	12.8	3,247.6
1909.....	17.5	7.0	15.6	273.7	13.9	3,355.8
1910.....	17.6	6.7	15.4	271.5	14.7	3,499.5
1911.....	17.6	7.2	15.3	269.3	13.9	3,216.8
1912.....	19.0	7.6	15.5	294.1	13.9	3,168.0
1913.....	19.5	7.5	15.2	316.5	14.8	3,374.6
1914.....	20.1	8.6	16.4	328.5	14.4	3,182.1

¹ Commission's compilation. For list of roads included see Table 8.² Computed on cars owned and in service at close of year. The comparisons should be on basis of ton-miles per capacity mile, but capacity miles are not recorded. The figures given are for comparison from year to year and have no significance for a single year taken by itself.

TABLE 38.—Effect of wage increases on operating ratio. Increase 1914 over 1900 in average daily compensation in separate classes of employment applied to the number of days worked in each class. Commission's compilation.

Occupation.	C. & N. W. Ry.		A., T. & S. F. Ry.	
	Increase in average daily wages 1914 over 1900.	Amount of increase for number of days worked in 1914.	Increase in average daily wages 1914 over 1900.	Amount of increase for number of days worked in 1914.
Other officers (excluding general officers).....	\$1.92	\$51,782.00	\$2.66	\$170,094.00
General office clerks.....	.26	126,858.00	.47	462,568.00
Station agents.....	.47	168,183.00	.45	144,103.00
Other station men.....	.45	604,916.00	.48	739,792.00
Engineers.....	1.61	980,352.00	2.44	1,021,462.00
Firemen.....	1.03	654,751.00	1.49	621,822.00
Conductors.....	1.51	612,862.00	2.29	637,103.00
Other trainmen.....	.67	1,151,213.00	1.99	1,964,050.00
Machinists.....	.96	442,657.00	1.42	384,350.00
Carpenters.....	.39	237,701.00	.80	245,981.00
Other shopmen.....	.53	1,358,210.00	.78	1,442,555.00
Section foremen.....	.51	236,332.00	.50	240,584.00
Other trackmen.....	.39	967,406.00	.27	808,103.00
Switch tenders, etc.....			(1)	(1)
Telegraph operators and dispatchers.....	.54	172,481.00	.61	142,072.00
Employees, floating equipment.....			1.21	\$ 53,546.00
All other employees and laborers.....	.67	1,017,443.00	.37	956,188.00
Total amount of increase.....		8,783,146.00		9,034,373.00
Total operating revenues.....		83,677,061.00		93,540,268.00
Ratio of wage increase to operating revenues... per cent.....		10.50		9.66
Ratio of wage increase for 1913 calculated by same method..... per cent.....		10.27		9.68
Total operating expenses.....		\$59,405,142.00		\$80,172,701.00
Ratio of wage increase to operating expenses... per cent.....		14.79		15.01
Ratio of wage increase for 1913 calculated by same method..... per cent.....		14.65		14.87

¹ Switch tenders, etc., combined with "other trainmen."² Calculated on the basis of increase over the average for all other employees (excluding general officers) in 1900.

TABLE 39.—*Net cost of road and equipment per mile of line owned and per mile of line operated, compared with total operating revenues and operating income: 1908-1914.*FORTY-ONE ROADS.¹

Year.	Railroad Witness Wetting.						
	Total operating revenues per mile operated.	Operating income per mile operated. ²		Cost of road and equipment.		Ratio of (2) to (5).	Ratio of (3) to (6).
		Without deducting rents for lease of road.	Deducting rents for lease of road.	Per mile of road owned.	Per mile of road operated.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1908.....	\$7,964	\$2,016	\$1,936	\$49,970	\$45,185	<i>Per cent.</i> 4.5	<i>Per cent.</i> 3.9
1909.....	8,181	2,204	2,121	50,864	46,031	4.8	4.2
1910.....	8,863	2,189	2,144	53,148	48,541	4.5	4.6
1911.....	8,902	2,136	2,073	54,181	49,132	4.3	3.8
1912.....	8,743	1,900	1,840	54,441	49,856	3.8	3.4
1913.....	9,644	2,308	2,240	55,363	50,474	4.6	4.6
1914.....	9,267	2,036	1,963	56,559	51,584	3.9	3.1

GROUP I (WESTERN).¹

1908.....	\$8,051	\$2,153	\$2,142	\$43,832	\$41,324	5.2	4.9
1909.....	8,266	2,349	2,338	44,275	41,789	5.6	5.1
1910.....	9,019	2,237	2,226	48,156	45,773	4.9	4.8
1911.....	9,073	2,227	2,215	49,201	46,709	4.8	4.5
1912.....	8,838	2,040	2,024	49,431	47,361	4.3	4.1
1913.....	9,802	2,479	2,466	50,775	48,551	5.1	4.9
1914.....	9,463	2,273	2,259	51,855	49,946	4.6	4.4

GROUP III (SOUTHWESTERN).¹

1908.....	\$7,749	\$1,894	\$1,782	\$50,689	\$45,610	4.2	3.5
1909.....	8,024	2,213	2,099	50,949	45,742	4.8	4.1
1910.....	8,684	2,125	2,080	52,829	48,541	4.4	3.9
1911.....	8,688	2,054	2,008	53,585	48,621	4.2	3.7
1912.....	8,565	2,030	1,982	53,594	48,916	4.1	3.7
1913.....	9,354	2,327	2,277	54,159	49,574	4.7	4.1
1914.....	8,863	1,998	1,943	54,853	50,028	4.0	3.5

¹ For list of roads see Table No. 1.² After deducting hire of equipment, joint facility, and miscellaneous rents.

Logically the method of column 7 is preferable to that of column 6, the latter being given to show the margin of error which may result from the fact that the reported cost of road represents more than the owned mileage.

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TABLE 40.—*Net cost of road and equipment per mile of line owned and per mile of line operated, compared with total operating revenues and operating income per mile: 1908-1914.*

TWENTY-SIX ROADS.

Year.	Commission's compilation. ¹						
	Total operating revenue per mile operated.	Operating income per mile operated. ²		Net cost of road and equipment. ³		Ratio of (2) to (5).	Ratio of (3) to (4).
		Without deducting rentals for lease of road.	Deducting rentals for lease of road. ²	Per mile of road owned. ⁴	Per mile of road operated.		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1908.....	\$8,400	\$2,108	\$1,996	\$48,948	\$42,555	<i>Per ct.</i> 4.9	<i>Per ct.</i> 4.1
1909.....	8,617	2,309	2,176	49,924	43,130	5.3	4.4
1910.....	9,394	2,323	2,182	52,363	47,887	4.8	4.2
1911.....	9,495	2,293	2,136	53,987	49,037	4.7	4.0
1912.....	9,308	2,057	1,896	54,606	49,350	4.2	3.5
1913.....	10,222	2,471	2,286	54,337	49,192	5.0	4.2
1914.....	9,876	2,213	2,030	56,444	49,793	4.4	3.7

FOURTEEN WESTERN TRUNK LINE AND TRANS-MISSOURI ROADS.

1908.....	\$8,630	\$2,241	\$2,168	\$46,306	\$41,587	5.4	4.7
1909.....	8,793	2,365	2,282	47,210	42,040	5.6	4.8
1910.....	9,656	2,378	2,240	50,493	47,169	5.0	4.4
1911.....	9,733	2,338	2,182	52,220	48,330	4.8	4.2
1912.....	9,477	2,066	1,906	52,861	48,626	4.2	3.6
1913.....	10,456	2,506	2,325	52,756	48,566	5.2	4.4
1914.....	10,129	2,288	2,107	54,049	49,296	4.6	3.9

FOURTEEN SOUTHWESTERN ROADS.

1908.....	\$8,285	\$2,045	\$1,873	\$51,669	\$46,692	4.4	3.6
1909.....	8,520	2,433	2,225	52,344	46,850	5.2	4.2
1910.....	9,242	2,351	2,211	54,079	50,473	4.7	4.1
1911.....	9,443	2,448	2,291	55,327	52,039	4.7	4.1
1912.....	9,283	2,300	2,185	56,106	51,715	4.4	3.8
1913.....	10,005	2,532	2,344	56,055	51,852	4.9	4.2
1914.....	9,515	2,220	2,026	56,785	51,967	4.3	3.6

¹ For lists of roads see Table 1.² After deducting hire of equipment, joint facility rents, and miscellaneous rents.³ 1908 and 1909 are without deduction for the depreciation reserve which is first shown in 1910.⁴ Based upon the mileage understood to be represented by the investment, differing from the mileage actually owned in a few cases on account of the inclusion of the mileage of proprietary companies, etc. The owned mileage and the corresponding investment of the G., C. & S. F. Ry. Co. are deducted in order to avoid duplication of returns made by the A., T. & S. F. Ry. Co.

NOTE.—Logically the method of column 7 is preferable to that of column 6, the latter being given to show the margin of error which may result from the fact that the reported cost of road represents more than the owned mileage.

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TABLE 41.—Increase in net cost of road and equipment and amount of additions and betterments since June 30, 1907, compared with book value of June 30, 1914.

Item.	Railroad witness Wetting, 41 roads.		Commission's compilation, 10 selected roads. ¹	
	Total.	Amount per mile of line.	Total.	Amount per mile of line.
Cost of road and equipment:				
To June 30, 1914.....	\$5,078,203,153	\$256,559	\$2,983,466,478	\$253,589
To June 30, 1907.....	3,842,316,511	\$48,101	2,123,261,633	\$44,827
Seven years' increase.....	1,235,976,642	8,458	860,204,845	7,762
Ratio of increase to the 1914 cost of road and equipment.....per cent..	24.3	15.0	28.8	14.7
Amount of additions and betterments, July 1, 1907, to June 30, 1914 (road purchased not in- cluded):				
Road and general.....	\$433,507,867	\$4,828	\$282,125,437	\$4,973
Equipment.....	306,181,696	\$3,410	189,405,608	\$3,339
Unassigned.....			27,061,808	\$498
Total.....	739,689,463	\$8,238	499,592,853	\$8,806
Ratio of additions and betterments since June 30, 1907, to the 1914 cost of road and equip- ment.....per cent..	14.6	14.6	16.7	16.7

¹ Includes Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Chicago & Alton; Chicago & North Western; Chicago, Burlington & Quincy; Chicago, Milwaukee, & St. Paul; Minneapolis & St. Louis; Missouri, Kansas & Texas Lines; Missouri Pacific; and St. Louis & San Francisco.

² On 89,787.98 miles.

³ On 79,879.58 miles.

⁴ On 56,731.98 miles.

⁵ On 47,366.13 miles.

TABLE 42.—Remainder of net corporate income applicable to common stock after allowing dividends on preferred stock whether paid or not.

Item.	Protestant witness Chambers: Com- pilation for 41 roads chosen by rail- road witness Wetting.	
	1913	1914
Common stock in hands of public.....	\$1,427,228,089	\$1,433,164,332
Net corporate income.....	106,961,506	74,544,638
Dividends on preferred stock:		
Paid.....	20,563,560	19,324,191
Not paid.....	9,656,548	11,024,371
Surplus applicable to common stock.....	76,741,098	44,196,076
Ratio of surplus to common stock.....per cent..	5.31	3.06

Name of road.	Same method as above for individual roads.			
	1911	1912	1913	1914
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Chicago & Northwestern.....	8.4	7.4	10.1	8.1
Chicago, St. Paul, Minneapolis & Omaha.....	10.7	7.0	8.0	6.6
Chicago, Burlington & Quincy.....	15.2	12.7	18.1	16.0
Chicago Great Western.....	11.9	13.2	1.9	11.9
Chicago, Milwaukee & St. Paul.....	7.1	1.6	10.1	6.4
Chicago, Milwaukee & Puget Sound.....	2.8	1.2		
Minneapolis & St. Louis.....	11.3	15.0	.5	14.0
Iowa Central.....	13.5			
Great Northern.....	8.3	10.0		
Northern Pacific.....	8.2	7.9	10.9	8.3
Union Pacific.....	40.9	12.6	8.7	8.0
Minneapolis, St. Paul & Sault Ste. Marie.....	5.3	13.6	13.3	13.2
Chicago, Rock Island & Pacific.....	6.8	5.1	5.3	5.5
Illinois Central.....	10.2	3.2	5.6	7.1
Total.....	13.0	7.3	10.4	8.5

¹ Deficit.

TABLE 43.—Average prices, actual and relative, of railroad and industrial stocks: 1890-1914.

[Base years for relative prices 1890-1899, both inclusive.]

	Railroad.						Industrial, excluding mining.		Industrial, including mining.	
	Western.		Southwestern.		Western trunk lines.					
	Actual.	Relative.	Actual.	Relative.	Actual.	Relative.	Actual.	Relative.	Actual.	Relative.
		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>		<i>Per ct.</i>
1890.	\$60.0	90.6	\$33.5	164.2	\$54.2	90.4	\$77.4	90.4	\$56.9	85.6
1891.	58.0	87.6	28.6	140.2	52.1	95.6	75.7	88.4	59.3	89.2
1892.	69.8	105.4	28.3	138.7	60.7	111.4	85.3	99.6	65.6	98.6
1893.	59.3	89.6	18.9	92.6	49.4	90.6	80.2	93.7	59.9	90.1
1894.	50.9	76.9	14.0	68.6	41.1	75.4	77.7	90.8	58.9	88.6
1895.	55.0	83.1	14.9	73.0	44.0	80.7	84.0	98.1	64.4	96.8
1896.	54.5	82.3	10.8	52.9	42.4	77.8	81.6	95.3	64.9	97.6
1897.	65.8	99.4	13.8	67.6	52.0	95.4	90.2	105.4	71.4	107.4
1898.	81.2	122.7	16.1	78.9	64.1	117.6	98.2	114.7	77.4	116.4
1899.	107.3	162.1	25.0	122.5	85.3	156.5	105.8	123.6	96.1	129.5
1900.	107.7	162.7	26.3	128.9	87.3	160.2	100.8	117.8	84.6	127.2
1901.	149.7	226.1	52.8	258.8	127.5	233.9	112.7	131.7	96.1	144.5
1902.	165.5	250.0	59.6	292.2	141.8	260.2	117.0	136.7	100.2	150.7
1903.	144.3	218.0	49.4	242.2	123.3	226.2	106.9	124.9	92.2	138.6
1904.	150.7	227.6	48.4	237.3	127.2	233.4	111.2	129.9	93.3	140.3
1905.	186.7	282.0	57.9	283.8	155.6	285.5	118.5	138.4	98.8	148.6
1906.	190.5	287.8	60.5	296.6	158.6	291.0	108.9	127.2	96.2	143.2
1907.	132.9	200.8	53.4	261.8	112.7	206.8	87.5	102.2	77.5	116.5
1908.	133.9	202.3	49.0	240.2	111.2	204.0	87.7	102.5	76.7	115.3
1909.	158.4	239.3	69.4	340.2	124.7	247.2	101.8	118.9	85.5	128.6
1910.	137.4	207.6	63.0	308.8	116.8	214.3	95.7	111.8	81.2	122.1
1911.	132.2	199.7	60.0	294.1	111.8	206.1	95.4	111.4	80.7	121.4
1912.	130.3	196.8	57.6	282.4	109.4	200.7	97.3	112.7	82.2	123.6
1913.	123.0	185.8	48.7	238.7	102.1	187.3	86.0	100.5	75.3	113.2
1914.	120.6	182.2	43.8	214.7	98.9	181.5	83.4	97.4	74.8	112.5

METHOD OF F. H. MILLARD.

Suggestions toward a method of establishing rates upon the assumption—

1. That there are available certain data for cost analysis; and
2. That a value basis of commodities transported affords a norm of distributing the reasonable return above cost, with express disclaimer that the figures here derived are necessarily determinative upon the testimony introduced in this case as to the rates involved. Illustrated in the cases of the Chicago & North Western and the Rock Island lines. The totality of factors, such as special expenses of particular commodities and commercial conditions that must of necessity in certain instances be considered, is not covered herein.

1. *Basic data.*—At the outset it is stated that the first assumption was the availability of certain data. The basic figures herein, comprised principally of operating expenses and traffic statistics, were taken, except as hereafter indicated, from the record of this case or from detailed analyses of exhibits submitted by the carriers on request. Certain items used in a secondary way (operating revenues other than freight, track miles, and empty car-miles) were taken

from the Preliminary Abstract of Statistics of Common Carriers for the year ending June 30, 1914. Hire of equipment was taken from the annual reports of carriers to the Commission. Certain other items, such as switching costs and extra cost of handling less-than-carload business, were taken from carriers' special reports to the Commission of certain operating features of the month of May, 1912, construed in connection with various expert studies on the same subjects.

Traffic statistics by individual commodities, showing cars, tons, tons per car, average miles hauled, net ton-miles, computed gross ton-miles, loss and damage, total revenue, and revenue per ton-mile net and gross, were furnished by certain carriers. All figures were assumed as correct, except as to computed gross ton-miles where we have computed car-miles by commodities, and have used average weights of types of cars used in transporting these commodities. Car weights were taken from special reports of carriers to the Railroad Commission of Wisconsin, giving detailed weights of 1,200,000 cars.

2. *Freight—Passenger separation.*—The divisions of operating expenses furnished by the carriers (details for basis I, Wettling's Exhibit 30-a) were assumed with the reservation that the method of apportionment is not necessarily final. The question of scientific apportionment is now being considered apart from the instant case, and need not be discussed here. The separation by primary accounts was given only for basis I, referred to above. Account 99, loss and damage—freight, was excluded by us from computations of unit costs, and the actual amount paid was included in computing the theoretical rate for a particular commodity. Two per cent of total freight operating expenses was credited to freight service, and the same amount charged to passenger service, to care for the net amount of traffic carried by freight trains for the passenger service over the amount of traffic carried by passenger trains for freight service. The amount used (2 per cent of freight operating expenses) is tentative. This correction is substantially the correction used by the St. Louis & San Francisco in the *Arkansas Rate cases*, *Boyle v. St. Louis & S. F. R. R. Co.*, 222 Fed., 539.

Taxes were divided between freight and passenger service on the percentages of operating expenses adjusted as indicated above.

Hire of equipment is reported to the Commission separately for freight and passenger service; actual amounts were used.

Joint facilities and miscellaneous rents were divided between freight and passenger service on the adjusted percentages of operating expenses.

3. *Apportionment between movement and terminal service.*—The expenses of the movement service are the expenses of moving freight between stations or terminal districts, and include the expenses of

transfer and reclassification en route. The expenses of terminal service are the expenses incurred at the originating and terminating stations in getting a shipment from the receiving point to the road train and from the road train to the delivery point. For temporary convenience in handling the division of expenses between movement and terminal services, we have included in terminal service all operations at terminals part of which are transfer and reclassification expenses. Before unit costs were computed, proper deductions from the terminal expenses were made for transfer and reclassification, as shown below.

Maintenance of way and structures expenses were divided on the track-mile basis. In this basis yard tracks and sidings were assumed to cause one-half as much expense per track mile as main-line tracks. Such items as docks and wharves (account 17) were directly assigned to terminal service before the track-mile basis was applied. Track miles were taken from the preliminary abstract.

Transportation accounts 67 to 78, inclusive, were all provisionally assigned to terminal service. Accounts 62, 80-85, 88, 89, 90, 92, 94, 102, and 104-105 were assigned to movement service. Other transportation expenses were divided overhead to the assigned expenses.

Maintenance of equipment expenses were grouped and divided on the same percentages as the transportation expenses.

Traffic and general expenses were divided overhead to maintenance of way and structures, maintenance of equipment, and transportation expenses.

The accuracy of this method has been tested by comparing its results with the results of a detailed separation by primary accounts when it was found that the results by the two methods correspond within a fraction of 1 per cent.

The credit to freight service for the passenger part of freight operating expenses was divided between movement and terminal expenses on the percentage of operating expenses in each service.

From special reports of carriers to the Commission for May, 1912, the operating expenses of accounts 67 to 78, inclusive, averaged \$0.2963 per car for classification yards of all kinds. Considering the ratio of accounts 67 to 78, inclusive, to accounts 80 to 89, inclusive, we found the total operating expenses attributable to classification yards to be \$0.87 per car. Expenses to the amount of \$0.87 per loaded car were deducted from terminal expenses and added to movement expenses to care for reclassification. It was assumed that a car was reclassified each 100 miles and the deduction for reclassification was made for each 100 miles over the first 100 miles in the average car haul for the system. • The credit to terminal expenses for re-

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classification and transfer expenses was made for the business as a whole.

Further deduction from the amount of terminal expenses was made for the extra handling costs (loading, transfer, and unloading) of the merchandise business. Information collected from various sources points to the conclusion that \$1 per ton is a fair average extra cost of handling less-than-carload freight.

Taxes, hire of equipment, joint facilities, and miscellaneous rents were divided on the percentages of operating expenses, after modification for transfer and less-than-carload business, into movement, terminal, and extra less-than-carload branches. These figures were used in determining average unit costs.

Terminal cost varies to some extent with the gross weight of the car. The transportation group of terminal operating expenses was analyzed to determine to what extent this variation occurred. It was found that the expenses which varied with the loading of the car were about one-third of the total. One-third of terminal cost was divided by the number of gross tons handled, and two-thirds were divided by the number of cars handled.

Total movement cost was divided by the total gross ton mileage, including empty. Total empty-car mileage was divided between types of equipment, using figures in Haile's Exhibit 2. A tare weight for each type of equipment was multiplied by the computed car mileage for this type of equipment and the total considered as gross ton mileage of empty cars. A similar method was used to obtain the tare portion of gross ton-miles of loaded revenue cars. Net ton-miles were assumed as given in the traffic statistics.

4. *Computation of cost.*—In computing movement cost for any particular commodity the gross ton-mile cost was multiplied by the sum of the tare ton mileage of loaded cars, the net ton mileage of revenue freight, and the ton mileage of empty cars assignable to the commodity in question. Empty-ton mileage was assigned to commodities according to the type of equipment used in the transportation of that commodity. No empty mileage was assigned to company freight.

The total terminal cost per car was found by adding to the constant cost per car, the cost per gross ton multiplied by the gross weight of the car.

A modification of gross ton-mile unit cost for the larger train resistance per ton of light cars was considered. On a three-fourths per cent grade, the resistance per ton ranged from 22.9 pounds per ton for a 20-ton car (gross), to 18.7 pounds per ton for a 60-ton car (gross). This applies to road train accounts only. The variation

is so small that it seems best, in the interest of simplicity, to neglect this factor and use a gross ton-mile basis for movement costs.

5. *Valuation tentatively assumed for purpose of showing method of treating rate of return.*—The valuation of the Chicago & North Western Railway was assumed to be the book cost of road and equipment, this for lack of accurate information and pending authoritative determination. The book cost per mile of the Chicago & North Western lines in Wisconsin as found by the Railroad Commission of Wisconsin. (Book cost per mile, \$44,483; cost of reproduction new as of June 30, 1913, per mile in Wisconsin, \$57,222; present value as of June 30, 1913, per mile in Wisconsin, \$46,566.)

The valuation of the Rock Island lines was taken at the round figure of \$40,000 per mile operated pending authoritative determination. The book cost of road and equipment as given in Powell's Exhibit, p. 22, is \$33,489 per mile.

Combining the Chicago, Rock Island & Pacific with the Chicago, Rock Island & Gulf as given in the preliminary abstract we get a book cost of \$43,586 per mile owned.

The method could be applied to any other valuation.

A return of 1 per cent upon the value was first computed. This amount was modified to care for earnings such as demurrage, net switching revenue, and a portion of rents of buildings and miscellaneous rents (assigned to freight on the percentage of operating expenses). One per cent return was divided between movement service and terminal service on the percentages of operating expenses. The movement portion was distributed over the number of net ton-miles, and the terminal portion was distributed over the number of net tons.

6. *Value of commodities as a norm of distributing the return above cost.*—Assuming that some rule must be laid down, it would seem best that it should be uniform, public, and definitely stated. Without foreclosing modifications for special circumstances, it is arbitrarily assumed that the value of commodities at the point of origin affords a norm for distributing reasonable return above cost. The rule tentatively adopted is as follows:

A given commodity is expected to pay above cost a return of 4 per cent, plus an additional per cent for each \$10 of value per ton. It was assumed that in no case should the return exceed 25 per cent. When it is said, for example, that a commodity yields 10 per cent return, it must be understood that this 10 per cent return on the dollar of investment is the outcome of the totality of transportation transactions affecting the given commodity during the year, and not the outcome of every single transportation of the given commodity. This rule may be stated in tabular form.

Value of the commodity in dollars per ton.	Per cent return upon the investment.	Value of the commodity in dollars per ton.	Per cent return upon the investment.
Less than \$2.....	4	\$95 to \$105.....	14
\$2 to \$5.....	4½	\$105 to \$115.....	15
\$5 to \$10.....	5	\$115 to \$125.....	16
\$10 to \$15.....	5½	\$125 to \$135.....	17
\$15 to \$25.....	6	\$135 to \$145.....	18
\$25 to \$35.....	7	\$145 to \$155.....	19
\$35 to \$45.....	8	\$155 to \$165.....	20
\$45 to \$55.....	9	\$165 to \$175.....	21
\$55 to \$65.....	10	\$175 to \$185.....	22
\$65 to \$75.....	11	\$185 to \$195.....	23
\$75 to \$85.....	12	\$195 to \$205.....	24
\$85 to \$95.....	13	Above \$205.....	25

Value per ton was taken from the testimony as far as possible. Various departmental reports of the government were also used.

DANIELS, *Commissioner*, dissenting:

In the essential outcome of the majority's report I am unable to concur, believing that on the record the carriers have in general sustained the burden of proof cast upon them by the statute and are of right entitled to increases in rates productive of revenue far in excess of what they are accorded by this decision. The reasons for my concurrence or nonconcurrence in particular findings will be stated later in some detail, but my inability to acquiesce in the general tenor of the report is due to a fundamental divergence from the views of the majority, as I understand them, with reference to certain important considerations which should control in the determination of a case of this character.

While it is nowhere explicitly stated in the majority report, I am unable to escape the conviction that the reluctance to find that increased rates have been more generally justified is largely rooted in an unwillingness to find that the revenues of the carriers as a whole are smaller than is demanded in the public interest, and also in the belief that the financial exigencies of many of the carriers are traceable to financial maladministration, and that if due economy and integrity had been uniformly observed the difficulty over the attested decline in revenues would have been readily surmounted.

Among the particular carriers involved in this proceeding the Rock Island and the Frisco have recently attained unenviable notoriety by reason of financial mismanagement and other roads parties hereto, such as the Alton, have in the past been wrecked or plundered. There can be no question of these facts. There can be nothing said in extenuation or mitigation of them. And it has therefore resulted that a widespread disbelief exists in the general integrity of railroad management, and that a skeptical attitude has been assumed by many toward the plea advanced that railroad earnings are inadequate and that increased rates are warranted.

It would, nevertheless appear that, while the severest condemnation of these practices should suffer no particle of abatement, the time had at last come to take a discriminating view of the effect of refusing rate increases otherwise just and reasonable because of a widespread resentment at evils perpetrated in the past by dishonest or designing railroad officers or their allied financiers. Such a policy visits in large measure the same penalty upon the proprietors of a railway conducted with integrity and honesty as upon the luckless shareholders of a looted road. In either case those who suffer from its effects are not those who have profited by the wrongs perpetrated in the past. It is therefore suggested that the appropriate remedy is the prosecution and punishment of the individual offenders, not the continued withholding of adequate rates to the carriers as a whole. In bank management this distinction has in large measure been recognized. The bank official who misapplies or misappropriates funds can do so only under the shadow of the penitentiary. But because there have been numerous instances of banking defalcations, no one would seriously suggest that banks generally should be prevented by law from raising the rate of discount in case competitive conditions warrant. Similarly in considering propositions involving more or less general increases of rates, the question should be judged in the light of the evidence of the adequacy or inadequacy of the carriers' revenues as a whole, and in the light of the reasonableness or unreasonableness of the particular rates proposed, and neither prejudged nor complicated by considerations of individual instances of corporate mismanagement.

COMPARISONS WITH THE FIVE PER CENT CASE.

The majority report in the instant case may first be profitably compared with the action of the Commission in the so-called *Five Per Cent case*. It is believed that such a comparison will not show a single important ground on the basis of which the carriers' revenues were declared inadequate and on the basis of which increased rates were first allowed in central freight association territory and thereafter in trunk-line territory where the same or even stronger reason is not found for similar conclusions here. It will be remembered in the *Five Per Cent case* that the procedure of the carriers in seeking an increase of rates was criticised by the Commission on several counts. It was said that the carriers there "proposed but one remedy, the so-called five per cent increase in freight rates"; that there were wide differences in the relative profitableness of existing freight rates," and inferentially that a uniform increase was not appropriate; that generally the passenger service was relatively less profitable than the freight service, and that no increase in passenger fares had been proposed; that certain freight rates, rules, and regulations

relating to minimum weights and similar matters were clearly unrenerative and should be amended.

In all these particulars the carriers now before us have avoided or have sought to avoid the criticism leveled at the carriers in the *Five Per Cent case*. Instead of advancing rates generally by a uniform percentage, they have selected particular commodities which they aver do not bear their fair share of the cost of transportation. Instead of proposing no increase in passenger fares they have proposed a systematic increase in those fares, and the hearing thereon in a separate but related proceeding has already been had. Instead of leaving untouched their rules and regulations relating to minimum weights and similar matters, the carriers have overhauled these rules and regulations, and have proposed their change or amendment, in part in the instant case and in part in related cases, some of which have already been heard and some of which are scheduled for speedy hearing. The carriers in the present case, moreover, have opened their books of account freely to the representatives of the state commissions and of this Commission and permitted free access thereto to the accountants and examiners in the employ of the state commissions. It is not apparent how the carriers could have complied more fully with the suggestions of this Commission made in the *Five Per Cent case* as to the propriety of a plan of procedure.

In the *Five Per Cent case* the Commission, in the absence of a valuation of the properties of the carriers, accepted their property investment accounts, despite their imperfections, as affording "a usable basis for a fairly satisfactory study of the course and tendency of the returns." By reference to Table 12 of the majority report in the instant case and to the table on page 367, 31 I. C. C., 351, in the *Five Per Cent case*, the following comparison may be made of the ratio of net operating income to property investment:¹

	Five Per Cent case (35 systems).		Western Rate Advance case (41 roads).	
	Property investment.	Ratio.	Net cost of road and equipment.	Ratio.
	<i>Millions.</i>		<i>Millions.</i>	
1901.....	4.066	5.80	3.005	4.77
1902.....	4.141	5.70	3.123	4.96
1903.....	4.300	5.55	3.336	4.99
1904.....	4.434	5.52	3.436	4.55
1905.....	4.605	5.79	3.561	4.96
1906.....	4.818	6.31	3.713	5.14
1907.....	5.062	6.25	3.842	5.61
1908.....	5.259	5.26	3.957	4.29
1909.....	5.344	5.55	4.060	4.61
1910.....	5.621	6.28	4.504	4.62
1911.....	5.950	5.28	4.674	4.32
1912.....	6.098	5.19	4.797	3.66
1913.....	6.353	5.31	4.906	4.64
1914.....	6.567	3.97	5.075	3.84

¹ In the instant case the ratio is stated as operating income less rents to net cost of road and equipment; in the *Five Per Cent case* as ratio of net operating income to property investment. These have been used in substantially the same sense.

In every instance and without exception throughout the entire period the ratio of return has been less in the case of the carriers now before us.

The ratio of taxes to operating revenues in the *Five Per Cent case* may be compared with the same items in the case under consideration. In the majority of instances, and particularly at the present time, the burden is heavier on the western carriers.

Ratio of taxes to operating revenue.

	Five Per Cent case.	Western Rate Advance case.	
		41 roads.	10 selected roads. ¹
1901.....	3.18	3.2	3.27
1902.....	3.16	3.1	3.04
1903.....	2.96	3.0	2.98
1904.....	3.07	3.1	3.03
1905.....	2.87	3.2	3.10
1906.....	3.22	3.1	3.03
1907.....	3.10	3.1	3.04
1908.....	3.20	3.6	3.38
1909.....	3.61	3.6	3.56
1910.....	3.47	3.7	3.66
1911.....	3.68	3.7	3.61
1912.....	3.96	4.1	4.10
1913.....	3.83	3.9	3.92
1914.....	4.18	4.6	4.53

¹ For names of 10 roads see Table 2, note 1, in majority report.

Operating ratios.—In the *Five Per Cent case* the Commission made an examination of the variations in the operating ratio of the carriers and at page 368 stated that:

During those 14 years [1900–1913] the property investment of these carriers has increased from \$3,952,000,000 to \$6,281,000,000. This represents an advance in the property investment account of 59 per cent. The operating revenue shows a far greater advance during the same period of years, having increased by 110 per cent. It will be noted, however, that the operating expenses increased even more rapidly, or by 133 per cent in the 14 years, the result being that the net operating revenue shows a lower ratio of increase than does the gross revenue. Expressing the thought in a more definite form, it may be said that in 1900 it cost the carriers 64.62 cents in operating expenses to secure \$1 of revenue, while in 1913 the cost had risen to 71.77 cents.

If comparison be made for the 41 roads in the instant case for a 15-year period, from 1901 through 1914, the property investment will be found to have increased from \$3,005,000,000 to \$5,078,000,000, representing an increase of approximately 69 per cent. The operating revenues in the same period increased 103 per cent. The operating expenses, however, increased 129 per cent. The result is that the net operating revenue shows an increase of about 57 per cent. Expressed in terms of the operating ratio; that is, of operating expenses to operating revenues, the increase has been from 63.97 to 72.12; or using the phraseology of the *Five Per Cent case*, in 1901

it cost these western carriers 63.97 cents to secure \$1 of revenue, while in 1914 the cost had risen to 72.12 cents.

The operating ratios, reduced as nearly as practicable to the same basis, in the *Five Per Cent case* and the present case, appear in the following table. It may be said that for 1914 the ratio as regards the carriers in eastern territory was 75.96; but this fact was not known at the time nor published in the report which found in the *Five Per Cent case* that—

the net operating income of the carriers in official classification territory, considered as a whole, is smaller than is demanded in the public interest.

Operating ratios, eastern and western railroads, 1901-1914.

Year.	35 eastern roads or systems (2d I. C. C., 343).	41 western roads or systems—without Wetting.	26 western roads—Commission's compilation.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
1901.....	64.53	63.97	64.46
1902.....	65.40	64.32	64.39
1903.....	67.15	65.79	65.35
1904.....	68.57	67.06	67.09
1905.....	67.88	67.57	67.01
1906.....	66.53	66.46	66.37
1907.....	68.45	68.84	68.78
1908.....	70.97	68.98	69.57
1909.....	67.97	67.08	67.35
1910.....	67.37	69.94	69.35
1911.....	70.71	70.53	70.49
1912.....	70.75	72.61	72.33
1913.....	71.80	70.80	70.53
1914.....	75.96	72.12	71.71

The majority report in the instant case, despite the more unfavorable showing made by the western roads, contents itself with finding that—

the relative profitableness of their business, taking the roads as a whole, has declined since 1901, and that the main cause effecting this result has been an increase in expenditure not offset by an increase in receipts.

Upon a far stronger showing in the instant case the majority report, instead of finding that the carriers' net operating income as a whole "is smaller than is demanded in the public interest," commits itself only to the proposition that the showing of "operating results and financial conditions of respondents" is "considered," and that certain particular increases are or are not justified. In view of the fact that one of the principal contentions, if not the principal contention, in the case was the general inadequacy of the carriers' revenue as a whole, and in view of the fact that the statute requires that whenever an investigation shall be made, it shall be the duty of the Commission to report thereon, stating its conclusions, it would seem to be appropriate to enunciate a conclusion upon the question of sufficiency of revenue. The public and the parties to the case are entitled to a clear, unmistakable finding upon this matter.

There are certain additional considerations in the present case which strengthen the conclusion that a finding of inadequacy of operating income is alone consistent either with the pronouncement in the *Five Per Cent case* or the facts of record herein. The aggregate freight advances there proposed were estimated to yield approximately \$50,000,000 per annum additional revenue, or about 5 per cent of the total freight revenue. The increases ultimately permitted are estimated to amount to 50 or 60 per cent of that amount. The total increase in freight rates sought in the present case falls below \$10,000,000 annually and amounts to approximately 1.2 per cent of the total freight revenues. Even with the increases asked for in other related proceedings, the total increase in revenue sought would fall within 2 per cent of the total freight revenues for 1914. In other words, the aggregate increase in freight revenue would be both absolutely and relatively far below the increases proposed in the *Five Per Cent case*.

Nor is the showing of the inadequacy of the revenue of the western carriers here before us seriously qualified by the showing in the majority report that certain selected carriers in that region have for 20 years enjoyed a fair degree of prosperity. Exactly the same situation existed in the *Five Per Cent Case*. In the report in that case, at page 384, it was said:

The financial condition of the various railroads composing the 35 systems varies greatly, as disclosed by their net corporate income as well as by their net operating income. The condition of some of them is so prosperous that they clearly do not need a higher net income, the condition of others is such as to preclude the expectation of a return upon outstanding capital stock or the possibility of raising much additional capital without a thorough reorganization.

On the same page a list of 10 systems in official classification territory is given where for 1913 the ratio of net operating income to property investment averaged 8.55 per cent, and where the net corporate income to capital stock outstanding averaged 16.92 per cent. In the face of this showing, the tabular statement indicating the prosperity of certain selected roads in this western region, some of them admittedly but slightly affected by the present proceeding, can hardly explain how a finding of inadequate operating income in the *Five Per Cent case* is consistent with a refusal to make a similar finding of generally inadequate revenues here.

The majority report, especially in the matter of live-stock rates, finds it impossible to accord increases in interstate rates upon a showing of revenue statistics based on both state and interstate business. That report argues that intrastate rates are lower than interstate rates, and assumes that if intrastate rates were raised to an appropriate level no increase in interstate rates might be necessary or proper, and that a greater spread between these rates would con-

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demn the proposed increases on the score of impropriety. Exactly the same situation was explicitly brought to our attention in the *Five Per Cent case*. The low level of rates in central freight association territory was repeatedly emphasized in the report in that case. At page 401 it is said:

The testimony tending to show that a readjustment of rates in central freight association territory is what is needed was not disputed. The class-rate structure is honeycombed with inconsistencies. That scale of rates is said to be largely controlled by an Ohio statute, which holds the first-class rate down to a level of 7½ cents per 100 pounds for the first 30 miles. As a result the second and third classes are upon the same level as the first class for nearly that distance; and the resulting class rate structure is not logical, nor are the rates remunerative.

The report in the *Five Per Cent case*, *supra*, at page 402, quotes with apparent approval the testimony of a rate expert of the Chicago shipping interest who testified that the central freight association scale was a "relic of barbarism." Throughout the report in that case there is the reiterated statement that rates in that region, largely controlled by the Ohio statute aforesaid, were inadequate, illogical, and unremunerative, and this not on one kind of traffic alone, but on all classes of traffic. In the face of this explicit recognition that intrastate rates were too low, there was found no difficulty in authorizing the increase of the interstate rates in central freight association territory, and this before any intimation of financial difficulty had arisen because of war conditions abroad. Adverse comment in the *Five Per Cent case* is made upon the low level of state passenger fares. At page 375 it is said:

The reduced earnings on passenger traffic were caused largely by reductions which the carriers were compelled to make in their passenger fares in Ohio, Indiana, Michigan, Illinois, and in other states, under local legislative action.

When increased interstate passenger mileage fares were subsequently proposed, they were permitted to become effective without waiting for an adjustment of state passenger fares. The Commission within a few days has authorized increases in interstate express rates, when upon the hearing it was explicitly acknowledged by the express companies that intrastate express rates were upon a lower level than the proposed increased interstate rates. It is true that the express rates which the Commission permitted the express companies to increase had been set by the Commission, and that in forty states the state express rates had been conformed to the interstate express rates. But the point insisted on is that without requiring a previous or a contemporaneous increase in state express rates, the Commission approved higher interstate express rates and created a spread between the two where none previously existed.

Another relevant consideration in contrasting the finding in the *Five Per Cent case* and in the instant case is the relative net cost of

road and equipment per mile, indicating the property investment figure as given by the eastern and western roads, respectively. From the table printed below it will be seen that, whether the average is taken per mile owned or per mile operated, the net cost of road and equipment per mile for the western carriers here before us is less than half of the corresponding figure in the *Five Per Cent case*.

It is equally interesting to notice the respective capitalization per mile of road owned or operated in the two contrasted cases. The table below indicates that per mile the capitalization of the western carriers is less than half the corresponding capitalization per mile of the carriers in the *Five Per Cent case*.

Item.	1913		1914	
	41 western roads or systems.	35 eastern roads or systems.	41 western roads or systems.	35 eastern roads or systems.
Miles of line operated.....	97,237	58,275	98,447	Not given. Do.
Miles of line owned.....	88,649	53,671	89,788	
Net cost of road and equipment:				
Total.....	\$4,907,912,434	\$5,281,000,000	\$5,078,293,153	Do.
Per mile of line—				
Owned.....	55,363	117,027	56,559	Do.
Operated.....	50,474	107,782	51,584	Do.
Capital liabilities (stock and debt):				
Total.....	5,207,161,510	6,389,535,638	5,366,390,232	Do.
Per mile of line—				
Owned.....	58,739	119,051	59,767	Do.
Operated.....	53,551	109,645	54,510	Do.

Upon the showing of record in this case as outlined in the majority report, and in the light of what was done in the *Five Per Cent case*, it seems to me impossible to avoid the conclusion that the carriers before us have, as a whole, abundantly demonstrated that their operating income is smaller than is demanded in the public interest; and equally impossible to escape the conclusion that the interstate rates should upon proper showing, be increased and that appropriate changes, if required, in state rates, should be made subsequently.

FINDINGS ON MISCELLANEOUS COMMODITIES.

As indicated in the majority report, the increase in annual revenue estimated to accrue, if the proposed rates were justified, amounted to \$7,604,247. The four principal contributors to this amount were (1) grain and grain products, (2) live stock, (3) packing-house products, (4) coal. These four were estimated to yield \$7,166,000, approximately, out of a total of \$7,604,247. The miscellany of minor articles was estimated as capable of yielding but \$438,000 in the aggregate. It is therefore apparent that if a substantial increase in revenue were to be obtained, it would have to come principally from the four major contributors. On only one of the four, and that the

smallest, are increased rates found justified by the majority report, and even here only a part, although the greater part, of the proposed increase is accorded. Increased rates are not found justified on all of the minor commodities, broom corn and cotton piece goods being instances in point. The aggregate increase of revenue permitted under the majority report will hardly exceed \$1,600,000, or about one-fourth of 1 per cent of the total freight revenue of these carriers for 1914.

In so far as the majority report finds justified the increased rates on coal, hay and straw, fruits and vegetables, rice, and on certain miscellaneous imported goods, I concur therein, not only on the grounds cited in the majority report, but also upon the ground of the attested inadequacy of the carriers' revenue. I also concur in the finding that on broom corn the proposed increased rates are not justified.

In the matter of grain and grain products, it is evident on the record that, taking grain products alone, the proposed increase of 1 cent per hundred pounds is amply justified. The products do not load much more than half as heavily as the grain. The tare weight carried is practically twice as great. The car earnings for the same length of haul are about one-half as great on the product as on the grain. The case presented for the increased rate on grain is more doubtful.

The magnitude and steadiness of the volume of movement, the heavy car loading, and various other considerations, among which are the relatively greater gross ton-mile earnings in comparison with those from all carload freight, weigh against the proposed increase. The augmented value of cereals makes the service of greater value, however, to the shipper. Unless the general weight to be attached to the inadequacy of the carriers' revenue as a whole is to be considered as controlling, the balance of considerations seems to lie against the proposed increase; and this conclusion is strengthened by the carriers' treating the grain and the products thereof as a unit in proposing to advance each by the same amount. The burden cast by the statute upon the carrier of justifying a proposed increase in rates hardly seems to have been met in this instance. On these grounds I could concur in the findings of the majority as to grain and grain products.

The proposed increase on cotton piece goods appears to me to be justified. The record establishes that their value per ton is approximately \$600 and that in certain instances they are more valuable than many commodities which take the first-class rate. In the *John Taylor Dry Goods case*, which fixed the third-class any-quantity rate of 32 cents for transportation upon cotton piece goods originating

in New England and the south from Mississippi River points to the Missouri River, it was found that:

In western trunk line territory, which embraces the territory in question, cotton piece goods are carried as third class, and the complainants insist that if first class be the correct rating; for dry goods, then cotton piece goods ought not to be classified higher than third class. 28 I. C. C., 211.

This statement was not and is not accurate, and the majority report correctly cites various instances where cotton piece goods in this territory move on rates higher than third class. They appear to be the only important commodity shipped in western trunk line and trans-Missouri territories in less than carload lots which takes a lower rate than that of their class.

The any-quantity service is apparently somewhat more costly to the carriers than carload service. The cotton piece goods rates cited in the instant case are as low as they have been in the last twenty years, during which time the expenses of the carriers have undergone notable increases per unit of traffic handled. The proposed increase of 5 cents per 100 pounds is one-sixth of 1 per cent of their average value, and could hardly affect their movement. The only rate assailed by the protestants is the inter-river rate, and it appears to me that the increase proposed is clearly warranted.

The increases on cotton piece goods as between various points may be out of harmony with each other, and on that ground their denial may fall within the flexible limit of judgment which belongs to the power to fix rates. But the total increase in revenue to be derived from this increase is not of record, and may not be very material in the aggregate. In the case of live stock and the products thereof the reverse is true. The revenue that the increases would produce is estimated at \$3,000,000 annually, and the principle on which these are denied seems to me to be a novel and a dangerous departure from the established procedure of the Commission. Their denial seems to me also to be unwarranted upon the facts of record.

RATES ON LIVE STOCK.

The rates now in effect in this territory upon the movement of live stock fall into two distinct classes. For the greater part of the territory and for the greater part of the traffic the effective rates are substantially the same as those established in August, 1905, in the *Cattle Raisers Association case*, 11 I. C. C., 277. For another part of the territory, to wit, from points in New Mexico, Texas, and Oklahoma, on interstate movements into Fort Worth, Oklahoma City, and Wichita, and between the three points in question, the effective rates conform to a mileage scale prescribed by the Commission in November, 1911, in *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160.

The first set of rates it is proposed generally to increase 2.5 cents per 100 pounds. Inasmuch as the effective rates have been in force 25 I.-C. C.

since 1905 upon interstate movements, and have in their favor the presumption that they have been just and reasonable, the question whether an increase therein is justified to the extent proposed may be considered in the light of the facts of record disclosing changes since that date that have taken place in the general cost of handling traffic, the changed value of the commodity, and other relevant considerations. This method of appraising the proposed increases in these rates may be prosecuted quite independently of any statistics based upon a composite showing of receipts from both state and interstate live stock traffic.

The majority report finds that—

the conclusion is substantiated that the attested increase in the operating ratio since 1901 must be attributed primarily to increased costs, each operating in different degree, but practically all in the same direction, incurred by the roads in the handling of traffic.

Also that—

the relative profitableness of their business, taking the roads as a whole, has declined since 1901, and that the main cause effecting this result has been an increase in expenditures not offset by an increase in receipts.

The question arises whether these general findings are applicable to interstate live-stock traffic, or whether the record discloses exceptional conditions which would take live-stock traffic out of the category of general business as to which the above findings are made.

The record, in my judgment, amply evidences that interstate movements of live stock have contributed in exceptional degree to this general increase in expenditures not offset by an increase in receipts. Some of the facts supporting this view are the following:

1. *Cost to carriers at originating and delivering points.*—On this point the undisputed record is that both at St. Louis and Kansas City 75 cents per car is being paid now for delivering live stock where nothing was paid in 1905; that towns throughout the territory have compelled the removal of stock loading pens to the outskirts, thus requiring in some instances the purchase of grounds and in all instances longer switching because of the increased distance between the local station and the loading pens; in numerous cases the Commission has fixed switching charges for comparable movements at from \$1 to amounts considerably in excess thereof.

2. *Cost of maintenance of equipment.*—In Table 6 in the majority report it appears that in 1905 the ratio of maintenance to operating revenues was 13.1 per cent; in 1914, 16.6 per cent, or an increase in this cost of about 25 per cent. It appears also in the majority report that "the cars constructed for this traffic" are subject to "rapid deterioration through rotting," and there is no reason to believe that

any less expense for maintenance of live-stock cars is to be found than in the case of other freight equipment.

3. *Expense of unloading and reloading in transit incident to feeding, watering, and resting live stock.*—This has changed notably in respect to the cost of labor and material. Labor in general on two of the typical live-stock carriers has increased as follows:

For the Chicago, Burlington & Quincy:

Total labor compensation paid in 1914.....	\$36, 088, 864
Amount which would have been paid if wage rates of 1905 had been in effect.....	29, 739, 530
Amount of increase.....	6, 349, 334
Per cent of increase.....	21. 35

For the Missouri, Kansas & Texas:

Total labor compensation paid in 1914.....	\$12, 893, 605
Amount which would have been paid if wage rates of 1905 had been in effect.....	11, 080, 785
Amount of increase.....	1, 812, 820
Per cent of increase.....	16. 36

There is no evidence of record to show that increased labor costs have been less in the transportation of live stock interstate than elsewhere.

4. *Character of movement.*—In 1905 in the *Cattle Raisers case*, *supra*, the running time of live-stock trains was found to be from 12 to 18 miles an hour. This is about the time now. In 1905 schedules were offered of 20 miles per hour but not made; the scheduled time though now longer is generally made.

5. *Number of cars in train.*—While the tractive power of the engines has been increased, there has been no corresponding increase in the trainload but probably a decrease. In the *Cattle Raisers case*, *supra*, at page 324, it was said:

We find that the average tons of freight in cattle trains or trains carrying carloads of cattle is as great or greater than in the average freight train in case of most of these defendants.

The majority report shows the contrary to be the case at present, and this relative decrease in the freight load of live stock and the smaller utilization of the tractive power of locomotives have necessarily increased cost in interstate movements of live stock.

6. *Return of empty cars.*—On this subject in 11 I. C. C., 296, 327, 328, it was said:

* * * The empty-car movement under any circumstances is large.

The Union Pacific Railway Company kept for a period of eight months its empty and loaded stock-car mileage with the result that the empty stock-car movement was 43.8 per cent of the entire movement. Unless something has been overlooked in this voluminous record no other company gave us the exact figures. There is no 25 I. C. C.

reason for supposing that the movement upon this line would not be fairly representative of all, although the testimony indicates that it is considerably less upon the Atchison system and perhaps some others. The empty-car movement, including all kinds of cars, upon the Union Pacific was 28.78 per cent for the year ending June 30, 1904. The average upon lines operating in the southwest is about 30 per cent.

The majority report, page 582 shows that the extent of the empty haul is much greater now than in 1905.

7. *Liability for loss and damage.*—In 1904 the Santa Fe paid 1.23 per cent of its live stock revenue on loss and damage claims. In 1914 the percentage was 3.02. This road spends \$50,000 a year to hold its claim payments down to this percentage. The North Western at considerable cost keeps down its loss and damage claims. The increased value of the animal and the greater activity of shippers' traffic agencies have materially operated to increase loss and damage payments.

8. *Value of service.*—The value of live stock at Chicago as between 1905 and 1914 is shown as follows:

	1905	1914
Value per head of—		
Cattle.....	\$48.07	\$65.79
Calves.....	10.15	13.50
Hogs.....	11.83	19.49
Sheep.....	4.90	5.64
Horses.....	142.50	185.00
Average.....	43.54	61.85

The rate in 1905 of 23½ cents from Missouri River to Chicago was about 0.5 of 1 per cent of the average value at that time; the proposed rate of 26 cents is about 0.4 of 1 per cent of the present average value.

With large increased costs, with 40 per cent increased value of live stock, there is proposed, using the Missouri-Mississippi river rate as representative, an increase of about 10 per cent in the rate.

So far as the southwestern region is concerned in which the scale rates set in the *Oklahoma case* are involved, there appears of record no item of evidence to show that the tendency to increased costs generally has been less prevalent there than elsewhere. The chief occasion for prescribing the scale in question was to effect a relatively fair adjustment between the three principal packing-house centers. This relative adjustment is not disturbed by the increased rates on live stock proposed for interstate movements in that region.

Assuming, as we must, that effective live-stock rates on interstate movements thereof in 1905 and in the southwest since 1911 were just and reasonable, and the evidence of record showing increased costs

generally not offset by corresponding increased receipts, and the evidence failing wholly to show that interstate live-stock movements have not contributed to the progressive decline in net earnings, but on the contrary in signal degree contributing thereto, the finding seems inevitable that the increased rates proposed are just and reasonable.

Before considering the ground on which the majority report denies the proposed increased rates upon live stock by reason of the statistical showing based on both interstate and intrastate movements thereof, a brief inspection of the statistics themselves will disclose facts of interest as to the revenues derived from this traffic in its totality.

The table printed on page 585 of the majority report shows that for the Burlington, a typical live-stock carrier, while live stock furnished 5.62 per cent of the total carload tonnage, it required the use of 14.34 per cent of the total number of cars used to carry carload freight.

The table printed on page 586 of the majority report shows for the same carrier that on live stock the return in mills per gross ton-mile, including the actual empty haul, was 3.91 as against a return for other kinds of traffic there shown as follows:

	Mills.
Manufactures.....	4.16
Products of agriculture.....	3.54
Agricultural implements.....	5.27
Tobacco.....	4.83
Hay.....	3.02
Wool.....	5.07
Butter and cheese.....	5.31
Beer.....	4.56
Eggs.....	6.27
Dressed poultry.....	6.94
Fresh meat.....	2.77
Other packing-house products.....	3.06

When it is considered what special services are required for live-stock traffic, in the matter of expedited movement, unloading in transit to rest, water and feed the stock, the free carriage of caretakers, and the exceptionally heavy loss and damage claims involved, the comparison goes far to substantiate the finding that present rates on live stock are disproportionately low.

The same table shows earnings per car mile on live stock averaging 8.1 cents as against higher car-mile earnings on every other commodity with which comparison is made with the exception of hay, on which the earnings are the same, and on which increased rates are justified in the majority report.

It is submitted that these comparisons confirm the accuracy of the conclusion that the present effective rates on live stock are too low.

The majority opinion, however, denies the increase proposed, not specifically because the respondents have failed to meet "the burden of proof to show that the * * * proposed increased rate is just and reasonable," but upon the ground as stated in the opinion of the majority that:

Protestants claim that a large proportion of all live stock here in question moves on state-made rates or on rates controlled by state rates. They further claim that state rates on live stock are generally much more below the level of the interstate rates on live stock than rates on almost any other commodity, averaging perhaps 30 per cent less. There may be differences of opinion regarding the exact figures, but no one has questioned the correctness of these allegations. Herein is found an important fact which doubtless modifies the surface indications of the above tables very materially. There is no claim made here that the interstate rates on live stock are not adequately remunerative, but rather that the revenues derived both from intrastate and interstate traffic are inadequate.

This novel contention put forward as a reason for denying the increases here sought does not seem to comport with the record or with the principles frequently announced and hitherto uniformly adhered to by the Commission.

A witness for protestants testified that 50 per cent of the live stock, excluding feeder cattle, moving to markets "move on state rates," and further that "if 50 per cent of traffic moves under rates 40 per cent less than the interstate rates the yardstick of the total movement of live stock does not furnish any proper index to judge these interstate rates," and that "the interstate rates are 30 per cent higher" than the intrastate rates. The foregoing opinions of the witness were reiterated on argument and seem to have been accepted by the majority. The majority opinion says, "No one has questioned the correctness of these allegations." In a very recent case involving rates sought to be increased by the carriers who appear as respondents in this proceeding and involving rates affecting the same "vast extent of territory to which the rates in issue are applicable," though a less "enormous volume of traffic," the Commission has made a rule to guide the respondents when such allegations are made. The Commission there said:

The protestants contend that should the proposed change of rating become effective the increased rates would result in unjust discrimination against interstate shipments of live poultry to St. Paul and Minneapolis, Minn., because of existing lower intrastate rates in Minnesota. The respondents answer that in the event the proposed rates are permitted to become effective it is their purpose to bring about substantially similar increases in their intrastate rates. If the protestants or other shippers of live poultry should feel aggrieved by discriminations that may result from rates established because of our finding in this case, the way will be open by formal complaint to the Commission, as in other cases, to obtain relief from such discriminations as may be found to be unlawful. *Rates on Live Poultry in Western Trunk Line Territory*, 32 I. C. C., 380, 383, decided December 14, 1914.

In substantiation of the novel position taken the majority report says:

It may be suggested that in a number of other cases previously disposed of by the Commission the discrepancy existing between state and interstate rates was not permitted to influence the disposition of those cases. That may be true; but it is also true that in the well-known *Shreveport case*, *Railroad Commission of Louisiana v. St. L. S. W. Ry. Co.*, 23 I. C. C., 31, the recently decided case of *Merchants' Exchange of St. Louis, Mo., v. Baltimore & Ohio Railroad Company et al.*, 34 I. C. C., 341, and others, the relation between state and interstate rates was directly put in issue and decided.

Both of the cases cited involved proceedings upon complaint of discrimination effected by a disparity existing in state and interstate rates. But no investigation and suspension case is cited where proposed increases in interstate rates have been denied by reason of the discrepancy which would thereby be produced between state and interstate rates. The rule as clearly announced in *The Live Poultry case*, *supra*, is distinctly to the contrary. The reason given for the distinction made in the present case is stated as follows in the majority opinion:

Considering the vast extent of territory to which the rates in issue are applicable, the enormous volume of the traffic, the unusually wide discrepancy existing between state and interstate rates, and the very substantial effect which the lower state rates must have upon the revenue derived from live stock by these carriers, it may be said that the Commission has never before had a case comparable in this respect with that part of the present proceeding which deals with the rates on live stock and packing-house products.

In the increased express rates but recently sanctioned by the Commission the territory embraced covered the entire United States, and there the petitioners themselves freely admitted that the proposed increases would raise interstate express rates above intrastate rates. Moreover, it seems difficult to see by what rule of logic or law a procedure which is right and proper in investigation and suspension cases and which has been followed without deviation becomes inappropriate in a case where the extent of territory is vast and the volume of traffic enormous.

Although the reasons given for denying the increases here proposed are exactly contrary to what was laid down less than a year ago and equally at variance with the action of the Commission in almost every investigation of increases in rates, inasmuch as the majority have given such force to the allegations aforesaid, it may not be inappropriate to scan the testimony to see what proof was offered in support thereof.

The witness who made the allegations offered four exhibits to sustain them. The third and fourth relate to range cattle and show that from Texas to Oklahoma, Colorado, Kansas, Wyoming, Nebraska,

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South Dakota, and Montana the proposed rates are higher than for similar distances under the Texas state scale and also higher than the scale rates prescribed in *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160. It will hardly be contended that feeder cattle move between points in Texas to any considerable extent, and it will be recalled that the witness excluded feeder cattle from his surmise that 50 per cent of the live stock move intrastate. On this subject the witness in his capacity as counsel says in his brief:

The cattle shipped from the southwest to northern ranges are all stock or feeder cattle for further grazing on ranges. On this traffic the railroads will again enjoy at least another additional haul, and in some instances two or possibly three more hauls.

As this movement to market is interstate and as each animal moves two, three, or more times, the estimate of 50 per cent for the intrastate movement would seem to be extravagant. It will also be noted that rates in the sparsely settled country of South Dakota, Wyoming, and Montana are usually higher than in the more densely populated sections. Tables 1 and 2 of this witness were each based upon similar comparisons. We insert the shorter one, Table 2, which is representative of the other:

Statement of present and proposed rates on cattle to Chicago, Ill., from points on Santa Fe in Iowa and Missouri, compared with distance scales of various State commissions for similar distances; also compared with actual rates from Kansas points on Santa Fe System to Kansas City.

[Rates are in cents per 100 pounds.]

To Chicago from—	Distance in miles.	Present rate.	Proposed rate.	Distance rates authorized by various State railroad commissions.						Actual rates on cattle from points in Kansas on Santa Fe System to Kansas City.		
				Illinois.		Iowa.		Missouri.		To Kansas City from—		
				Rate.	Per cent that present A., T. & S. F. rates exceed Illinois schedule.	Rate.	Per cent that present A., T. & S. F. rates exceed Iowa schedule.	Rate.	Per cent that present A., T. & S. F. rates exceed Missouri schedule.			
				Rate.	Per cent that present A., T. & S. F. rates exceed Illinois schedule.	Rate.	Per cent that present A., T. & S. F. rates exceed Iowa schedule.	Rate.	Per cent that present A., T. & S. F. rates exceed Missouri schedule.	Distance.	Rate.	
Argyle, Iowa.....	243.4	16.5	16.7	13.4	23.1	14.0	17.8	12.8	29.0	Raymond, Kans.	248.9	16.5
Revere, Mo.	256.0	18.0	19.5	13.6	32.3	14.3	25.8	12.8	40.6	Ellinwood, Kans.	269.3	16.5
Gorin, Mo.	277.6	20.0	21.0	14.1	47.5	14.8	35.1	13.7	46.0	Dundee, Kans.	277.2	17.0
La Plata, Mo.	312.7	21.0	22.5	15.0	40.0	15.8	32.9	14.7	42.8	Bellefont, Kans.	316.0	19.5
Hart, Mo.	336.3	21.5	24.5	15.4	39.6	16.2	32.7	15.6	37.8	Dodge City, Kans.	338.1	20.0
Mendon, Mo.	360.7	22.5	25.0	15.7	43.3	16.5	34.3	16.5	36.3	Ingalls, Kans.	362.9	21.0
Carrollton, Mo.	386.4	23.0	25.5	16.5	39.3	17.0	35.3	17.4	32.2	Garden City, Kans.	388.0	22.0
Lexington Junction, Mo.	411.3	23.5	26.0	16.8	40.0	17.6	33.5	.....	.....	Lakin, Kans.	410.0	23.0
Kansas City, Mo..	451.1	23.5	26.0	17.5	34.3	18.4	27.7	.....	.....	Coolidge, Kans.	454.3	24.5

With reference to Tables 1 and 2 it may be said that Illinois is not very greatly affected by the increases proposed and that the southern part of Illinois is in central freight association territory where this Commission has frequently said rates are lower than in any other territory in the United States. As to Iowa, the respondents stated in argument that they have little hope of advancing the intrastate rates, and it was testified that rates in Iowa were among the lowest in western territory. There have been hearings in Missouri upon petition to advance intrastate rates. In the quotation of rates from this state the rate has been obtained by dividing the per car earnings by 24,000 pounds. In none of the states is the carload minimum given, nor does the record show whether or not the rates are for a one line haul only, nor does it appear what privileges, if any, are included in the rate. Obviously there is less need for free transportation to caretakers on the short hauls in a state than on the larger interstate hauls, as on the state hauls the movement usually, if not always, can be made in less than 28 or 36 hours, saving the expense and delay of stopping for feed and rest. The witness who prepared these exhibits testified that the state rates on hogs and sheep are nearer the interstate rates than are the rates on cattle.

Other protestants testified concerning intrastate rates. C. B. Heine-mann, a witness for a concern having a plant at Oklahoma City, described the market privilege enjoyed by shippers of live stock. Under this privilege it is customary to require the shipper to bill to the point at which market privilege is to be availed of, the live-stock contract being issued to that point. If it is then desired to forward the shipment without marketing it, it will be sent on within a specified time, generally 48 hours, and a new contract will be issued reading from the original point of shipment to the new destination, and the through rate applied thereon. Under this practice all intrastate shipments have the right to try the market and when the shipment moves on to another state the interstate rate applies. This shows how uncertain is an estimate that 50 per cent of the live stock moves on intrastate rates. The same witness testified that the scale in *Investigation of Alleged Unreasonable Rates on Meats, supra*, hereinafter called the Oklahoma scale, was an average or composite of the state scales of Texas, Kansas, and Oklahoma, following the average very closely. This close similarity continues to 200 or 250 miles and thereafter the interstate scale gradually rises above the average state scale. This condition was explained by the Commission by the fact that in reaching the territory in southwest Texas, where the population was sparse and the tonnage density naturally less, it was necessary to make these increases in the rate so as not to result in an undue hardship to the carriers.

The witness, one of the most accurate and painstaking among the several witnesses, testifying relative to live stock, compared the Oklahoma scale with the interstate rates in the territory where the scale does not apply. Evidently intent upon showing that the scale rates set by the Commission in the *Oklahoma case* ought not to be increased, this witness pointed out illustrative rates from typical points of origin where the Commission's Oklahoma scale is higher than the rates proposed by the carriers.

To avoid confusion it must be remembered that what is here called the Commission's scale; or the Oklahoma scale, is a composite of the scale of the three states named, and is illustrative of state rates on live stock. The contrasted rates called "other rates" in the table following are the rates proposed by the carriers for territory other than the southwest. The comparison as shown by this witness is as follows:

	Commission's Oklahoma, scale rates, being a com- posite of state rates on live stock.	Average of other rates, being proposed rates in terri- tory other than the southwest.
	Cents.	Cents.
At 100 miles.....	12.5	10.2
At 200 miles.....	17.5	14.8
At 300 miles.....	22.5	20.5
At 400 miles.....	27.5	22.75
At 500 miles.....	32.0	26.8

The witness added that while his average of other rates was taken from five points, he "could have taken with equal ease one hundred points instead of five; it would have been no trouble at all except the additional amount of work involved."

It manifestly follows that instances are frequent where the proposed interstate rates are actually lower than state rates, so far as the latter are reflected in the Oklahoma scale. Additional illustrations of this relationship appear in the table following, where there are stated rates in cents per 100 pounds on live stock for representative movements. Column 1 shows present rates; column 2, proposed rates; and column 3, rates which would result by applying the scale prescribed in *Investigation of Unreasonable Rates on Meat, supra*, for a one-line haul.

(a) Cattle, sheep, and hogs, double deck.¹ (b) Hogs, single deck. (c) Sheep, single deck.

From—	To—	Dis- tance in miles.	1	2	3
Hastings, Nebr.....	Chicago (a).....	631	35.75	38.25	38.0
Do.....	Chicago (b).....	631	39.0	41.5	44.0
Do.....	Chicago (c).....	631	40.0	42.5	43.0
Do.....	St. Louis (a).....	556	27.0	29.5	25.0
Do.....	St. Louis (b).....	556	32.0	34.5	40.0
Do.....	St. Louis (c).....	556	32.5	35.0	44.0
Ames, Iowa.....	Chicago (a).....	326	22.0	23.9	24.0
Do.....	Chicago (b).....	326	22.5	24.9	27.5
Do.....	Chicago (c).....	326	23.5	25.9	30.0
Eau Claire, Wis.....	Chicago (a).....	326	23.5	23.5	24.0
Do.....	Chicago (b).....	326	27.0	27.0	27.5
Do.....	Chicago (c).....	326	27.0	27.0	30.0
Mason City, Iowa.....	Chicago (a).....	360	22.5	24.6	26.5
Do.....	Chicago (b).....	360	23.5	25.6	29.25
Do.....	Chicago (c).....	360	25.0	26.6	32.0
Omaha, Nebr.....	Chicago (a).....	*500	23.5	26.0	32.0
Do.....	Chicago (b).....	*500	23.5	26.0	36.75
Do.....	Chicago (c).....	*500	25.0	27.5	40.0
Do.....	Chicago (horses).....	*500	35.1	37.5	Nona.
Sioux City.....	Chicago (a).....	*500	24.5	26.0	32.0
Do.....	Chicago (b).....	*500	23.5	26.0	36.75
Do.....	Chicago (c).....	*500	30.0	27.5	40.0
Kansas City.....	St. Louis (a).....	283	17.0	19.5	22.0
Do.....	St. Louis (b).....	283	18.5	21.0	25.25
Do.....	St. Louis (c).....	283	20.0	22.5	27.5
Dodson, Mo.....	St. Louis (a).....	301	18.5	21.23	23.0
Do.....	St. Louis (b).....	301	21.0	23.0	26.5
Do.....	St. Louis (c).....	301	22.0	24.5	28.75
Kansas City.....	Chicago (a).....	464	23.5	26.0	30.5
Do.....	Chicago (b).....	464	23.5	26.0	35.0
Do.....	Chicago (c).....	464	25.0	27.5	38.0
Owanka, S. Dak.....	Chicago (a).....	900	46.0	53.5	48.0
Albuquerque, N. Mex.....	Kansas City (a).....	903	46.5	49.5	49.0
Colorado Springs, Colo.....	Kansas City (a).....	626	31.0	33.5	37.0
Muskogee, Okla.....	Chicago (a).....	708	37.75	40.75	41.0
Osborne, Ark.....	Chicago (a).....	601	31.75	34.75	37.0
Fort Worth.....	St. Louis (a).....	757	39.5	42.5	43.0
Do.....	St. Louis (b).....	757	50.0	53.0	49.0
Do.....	St. Louis (c).....	757	58.5	61.5	54.0
Do.....	St. Louis (sheep, double deck).....	757	52.5	55.5	43.0
Do.....	St. Louis (horses).....	757	55.0	60.0	Nona.
Albuquerque, N. Mex.....	Oklahoma City, Okla. (stock cattle).....	*626	37.5	39.8	28.5
Vaughn, N. Mex.....	do.....	487	32.0	34.3	24.0

¹ The rates on sheep and hogs, double deck, are not always the same as on cattle, but the table is illustrative of the sheep and hog rates generally.

² Average distance Missouri River to Chicago.

³ As range-cattle rates apply from groups and are not made on a mileage scale, this comparison is not fairly illustrative. If the average distance from the group could be obtained, the scale rates might not and probably would not exceed the proposed rates.

The foregoing table gives rates from practically all parts of the territory affected and is fairly representative of all, except the scale rates, which are proposed to be increased a maximum of 3 cents, maintaining the present relationship by grading the increase downward.

While particular citations from state scales are of record, the official scale rates of only one state were put in evidence by the protestants in support of the allegation of lower intrastate rates. This is the Texas scale shown at page 56 *et seq.* of the twenty-second annual report of the railroad commission of that state. Above 200 miles this scale fixes rates in zones of 50 miles in width and provides higher rates for two-line hauls. For distances from 300 to 350 miles the Texas rates on hogs, sheep, goats, work oxen, and beef cattle are for a one-line haul 21½ cents and for a two-line haul 25 cents. From the Missouri River to the Mississippi River, an average distance of

325 miles, the present interstate rates are 18½ cents. For 500 to 550 miles the Texas rates are 26½ and 29 cents, respectively, for one and two line hauls, while the present interstate rates from the Missouri River to Chicago, an average distance of 500 miles, are 22½ cents. It appears that the interstate rates from South Dakota are higher than intrastate rates in other states, but it was not shown that they are higher than intrastate rates in South Dakota. On the argument it was said that reference to other state scales would further support the allegation of the higher level of interstate rates. However this may be, the law requires in proceedings such as this that action be taken "after full hearing," and as said by the Supreme Court—

* * * there is no hearing when the party does not know what evidence is offered or considered and is not given an opportunity to test, explain, or refute. *Int. Com. Comm. v. Louisville & Nashville R. R.*, 227 U. S., 88, 93.

It may be conceded that some intrastate rates are lower than some interstate rates, and possibly as to some intrastate rates the expressed opinion of protestants' witness that they are "too low" is correct. But upon this record it can not be affirmed that all intrastate rates, or an average thereof, are generally below interstate rates, and it seems to be conclusively proved that the estimate that 50 per cent of the live stock move on intrastate rates is far from accurate.

But even if the record furnished full and sufficient evidence in support of the allegations which are adopted as the basis of the conclusion of the majority, I could not concur in the holding that the existence of lower intrastate rates requires the Commission to condemn increased interstate rates otherwise shown to be just and reasonable. It is true that this Commission has always given consideration to state rates. We make comparisons between rates, state and interstate, for the purpose of deciding the question of the reasonableness of rates under investigation. We may condemn an interstate rate which from a comparison with intrastate rates voluntarily maintained by the carriers appears to be unjust and unreasonable, but in so doing we condemn the rate because it is unjust and unreasonable. We consider all the facts, including the proof relating to propriety, and render our conclusion. Here the majority base their conclusion on the *Shreveport case*, *Railroad Commission of Louisiana v. St. L. S. W. R. R. Co.*, 23 I. C. C., 31, for they say:

Taking into view our earlier determinations, the material modifications which will have to be made in the revenue statistics, the relation of interstate to intrastate rates, and all the other facts of record, it is our judgment and determination that the carriers have failed to establish the propriety of the proposed increased rates.

The Commission has also said:

When the Commission enters upon an investigation of proposed increased rates the propriety as well as the reasonableness of these rates is in issue. *Transcontinental Commodity Rates*, 32 I. C. C., 449, 451.

Without discussing the language of the provision putting the burden of proof on the carriers "to show that the increased rate * * * is just and reasonable," it may be regarded as established by the decisions of the Commission that the "propriety as well as the reasonableness" of proposed increased rates "is in issue." Upon whom the burden of proof as to the issue of propriety rests need not be discussed here. It might also be conceded that upon a proper record this Commission has the power to determine that intrastate rates are relatively too low and to require that undue discrimination be terminated by the carrier as a condition precedent to permitting increases in related interstate rates. But it can not be contended that reasonable interstate rates should be condemned merely because a state has not yet permitted increases in intrastate rates which are necessary properly to relate them to the increased interstate rates. In the *Shreveport case, Houston & Texas Ry. v. United States*, 234 U. S., 342, 355, it was said:

It is also clear that, in removing the injurious discriminations against interstate traffic arising from the relation of intrastate to interstate rates, Congress is not bound to reduce the latter below what it may deem to be a proper standard fair to the carrier and to the public. Otherwise it could prevent the injury to interstate commerce only by the sacrifice of its judgment as to interstate rates. Congress is entitled to maintain its own standard as to these rates and to forbid any discriminatory action by interstate carriers which will obstruct the freedom of movement of interstate traffic over their lines in accordance with the terms it establishes.

In the present case there is an allegation that the present and the proposed interstate rates are higher than intrastate rates. The majority report accepts the allegation as true, and in effect condemns the related intrastate rates. The rule announced in *Rates on Live Poultry, supra*, seems to me the better course to pursue. That rule has been applied in hundreds of cases by this Commission, and as to some of the tariffs permitted to become effective in this proceeding that rule has been here followed.

What the majority proposes to do is to deny increases in interstate rates because lower intrastate rates have not been increased and that in a case in which it is shown that applications for increases in certain state rates are pending. It is to be assumed that state tribunals will do their duty, and that if state rates are too low, they will permit them to be increased. Should these state tribunals fail to act, then in a formal complaint where the issue is directly presented and where the states may, if they choose, be heard, this Commission has the authority and duty to require the removal of any undue discrimination against interstate commerce that may be shown, and in doing so the Commission is not bound to reduce interstate rates "below what it may deem to be a proper standard fair

to the carrier and to the public." *Houston & Texas Ry. Co. v. United States, supra.*

It can not be said, based on any evidence, that the revenues from state traffic generally are lower than on interstate traffic. There is little definite evidence on the subject. The protestants presented figures computed by the Texas Railroad Commission which appear to negative the assumption that state rates are lower than interstate rates. That commission, page 132 of its 1914 report, shows:

Summary of freight statistics for nine railroads, viz, Ft. W. & D. C.; G., H. & S. A.; G., C. & S. F.; H. & T. C.; I. & G. N.; M., K. & T. of T.; P. & N. T.; So. K. of T.; T. & P.

	1908	1909	1910	1911	1912	1913	1914
Average receipts per ton per mile:							
State.....	1.211	1.295	1.130	1.326	1.334	1.280	1.287
Interstate.....	.780	.805	.772	.769	.803	.782	.780

It is my opinion, based upon the facts of record, that the respondents have met the burden of proof and have justified the proposed rates on live stock.

PACKING-HOUSE PRODUCTS, FRESH MEATS, HIDES, AND FERTILIZERS.

In the majority opinion relating to these commodities it is found that:

The most of what was stated in our conclusions with respect to live stock applies to packing-house products. We must find that the proposed increases on packing-house products, hides, and fertilizers have not been justified.

That the facts relating to rates on live stock differ from those relating to the products of the packing houses will sufficiently appear from the following considerations:

As regards live stock the allegation was made that 50 per cent of the movement was intrastate; no such allegation was made with reference to packing-house products. In the testimony relating to live stock the opinion was expressed that intrastate rates thereon were 40 per cent less than the interstate rates. No such opinion was expressed concerning rates on these commodities. In the testimony relating to the products of live stock the witness for one of the packers having a plant at Oklahoma City testified that interstate rates from Oklahoma City to Texas were in some instances less than intrastate rates in Texas. The same witness showed that intrastate rates in Arkansas were lower than interstate rates in the same section. While Arkansas consumes large quantities of cured meat, very little fresh meat is shipped to that state, and it was not claimed by any protestant that there is competition between interstate shippers and intrastate shippers.

It would seem unnecessary to contrast further the testimony relating to live stock and the products of live stock, as the particulars stated above are believed to furnish the main grounds upon which the majority bases the opinion denying increases in live-stock rates. The absence here of the facts relied on in the majority's opinion on live stock would seem to require reasons other than those given in support of the report denying increases in the rates on the products. That the Oklahoma scale is a composite of the state scales of Texas, Oklahoma, and Kansas has already been shown. Below are tables contrasting the present interstate rates on packing-house products and fresh meats with rates under the Oklahoma scale.

PACKING-HOUSE PRODUCTS.

	Distance in miles.	Oklahoma scale.	Present rates.
Sioux City to Omaha.....	102	17.5	6.0
Mason City to St. Paul.....	138	20.0	15.0
Wichita to Kansas City.....	213	25.0	12.0
Kansas City to Des Moines.....	220	26.0	15.0
Kansas City to St. Louis.....	276	18.5	18.5
Mason City to Chicago.....	355	35.0	16.0
Kansas City to Chicago.....	451	42.0	23.5
Missouri River to Chicago.....	500	45.0	23.5
Fort Worth to Kansas City.....	507	45.0	21.0
Fort Worth to Memphis.....	521	45.0	28.5
Oklahoma City to Vicksburg.....	579	49.0	40.0
St. Louis to St. Paul.....	576	49.0	21.0
Fort Worth to St. Louis.....	785	57.0	36.0

FRESH MEATS.

Sioux City to Omaha.....	102	21.0	12.5
Mason City to St. Paul.....	138	24.0	20.0
Wichita to Kansas City.....	213	30.0	18.5
Kansas City to Des Moines.....	220	31.0	15.0
Kansas City to St. Louis.....	276	35.0	18.5
Mason City to Chicago.....	355	42.0	18.0
Kansas City to Chicago.....	451	50.0	28.5
Fort Worth to Kansas City.....	507	54.0	32.5
Oklahoma City to Vicksburg.....	579	59.0	55.0
Fort Worth to Memphis.....	521	54.0	33.5
St. Louis to St. Paul.....	576	59.0	28.5
Fort Worth to St. Louis.....	785	69.0	48.5
Average.....		42.6	24.6

¹ Proposed to be increased to 18 cents.

² Proportional rates are lower.

It was also urged that the interstate proportional rates from interior Iowa cities to the Mississippi River were lower than rates from the Missouri River, but the protestants showed that the Iowa intrastate rates were much higher than the interstate rates, and presented comparisons of rates expressed in cents per 100 pounds to the Mississippi River, as follows:

From—	Distance (miles).	Interstate, P. H. P. & F. M.	Intrastate.	
			P. H. P.	F. M.
Ottumwa.....	74	5	7.7	14.7
Cedar Rapids.....	81	4	8.0	15.2
Mason City.....	218	7	15.4	24.4

The Iowa local rates would naturally be higher than the interstate proportional rates, and the table is presented to show that the protestants can not claim that the Iowa intrastate rates are low in comparison with the interstate proportional rates.

The Texas scale of rates on packing-house products shown in the 1913 report of the Texas commission, page 71, for distances of 325 to 350 miles is 42 cents; the present Missouri River to Mississippi River rate is 18.5 on both packing-house products and fresh meats. From the Missouri River to Chicago the present rate is 23.5 cents; under the Texas scale the rate on packing house products for 500 miles and over is 49 cents. Under the Texas scale fresh meat rates exceed the packing house products rates by 10 per cent. The facts of record show that under the Oklahoma scale interstate rates for distances over 150 miles are slightly higher than Texas state rates, but that the interstate rates in the territory where the Oklahoma scale does not apply and from which 85 to 90 per cent of the products are shipped, the interstate rates are much lower than the Texas state rates. The Arkansas state rates have been enjoined as confiscatory. *Boyle v St. L. & S. F. Ry. Co.*, 222 Fed., 539.

That the movement intrastate and under the Oklahoma scale rates is small compared with the total movement is fully established.

During the year 1914, 69,178 cars of packing-house products and fresh meat were shipped east from the packing houses located on the Missouri River, 97 per cent of which went to points east of the Mississippi River. During the same year the Rock Island handled from Oklahoma City 162 cars to Arkansas; 63 cars to Louisiana west of the Mississippi River; 3 cars to New Mexico, 204 cars to Texas, and 1 car to points in Missouri south of the Missouri River; from Wichita 28 cars to Oklahoma and 3 cars to New Mexico; from Fort Worth to Oklahoma 63 cars, to New Mexico 3, to Missouri 59, to Arkansas 3 cars. The figures for the Santa Fe are from Wichita to Oklahoma 52 cars, to New Mexico 13 cars, to Texas 53 cars, total 118 cars; from Fort Worth to Missouri 1 car, to Oklahoma 10 cars, to New Mexico 28 cars, total 39 cars; grand total, 353 cars. The figures for the Texas & Pacific for a two-year period are from Fort Worth 748 cars to points in Louisiana west of the Mississippi River, 170 cars to points in Arkansas, or a total of 918 cars.

During the two-year period in which the Texas & Pacific hauled under the Oklahoma scale rates 918 cars, there were shipped via its line under the proportional rate to the Mississippi River for beyond 7,155 cars.

It definitely appears not from a guess but from a record of a large number of actual shipments that for at least 85 per cent of the interstate movement the interstate rates are much lower than any state rates shown, in some instances less than half of the state rates. It also appears that as to the small movement under the scale rates

the interstate rates are based on the Texas, Oklahoma, and Kansas state scales, and compare favorably therewith; that the rates for this small interstate movement are higher than rates in Arkansas, which have been enjoined because shown to be confiscatory. So far, therefore, as the record shows, the reason given by the majority for refusing the increases in the rates on live stock, to wit, that the statistical showing based on a composite of returns where lower rates obtain on state traffic than on interstate traffic, can not be urged in support of a finding that the proposed rates on the products have not been justified.

The facts relating to increased costs, increased value of the service, and decreased revenues of the carriers stated in that part of this memorandum relating to live stock rates apply equally here. The increased rates permitted by the majority report to become effective only for the interplant movement on the Missouri River are fully warranted; but the selective principle by which rates on traffic where the empty return haul is far less than the average, and where in at least one instance an increase in the present rate of 100 per cent is permitted, and whereby all other proposed increases are denied, does not appear to me to be wholly evident. The record shows ample justification of most of the increases proposed in the rates on the products of the live animal. There are some few rates in excess of fifth class which are not justified, but details thereof are unnecessary.

This proceeding is the fourth in a series of proposals to make general increases in freight rates. The first two were decided in February, 1911, and denied the proposed increases. The third, or the so-called *Five Per Cent case*, decided last July, accorded permission to increase certain rates in central freight association territory, and by a supplemental finding extended this permission to increase rates to trunk line territory as well. Each of these three cases made a clear, unmistakable pronouncement upon the issue, raised by the carriers, of inadequate revenue as a justification for proposed increased rates. The first two held that the evidence did not establish the necessity for higher rates. The finding in the *Five Per Cent case* was equally explicit, and was to the effect that the net operating income of the carriers, considered as a whole, was smaller than was demanded in the public interest. In the instant case upon a record, if anything, more detailed and comprehensive than in any one of the three preceding cases, the Commission makes no pronouncement upon this general issue.

I am individually of opinion that our duty in the present case requires us in frankness to make a finding upon the general issue of the alleged inadequacy of the revenues of the carriers collectively. The carriers, the protestants, and the country are entitled to know the

conclusion of the Commission upon this point, and not to be left with a confusing mass of detailed evidence and isolated conclusions upon single matters involved therein. The three previous general rate advance cases have unquestionably held that the Commission may make a finding upon this general question and may employ such a finding to determine, in connection with other relevant testimony, the justice and propriety of permitting particular increased rates to become effective. In the present case the general issue is simply not met, and in passing upon particular rates proposed to be increased a novel doctrine is for the first time invoked to disallow increased rates save where the specific evidence relating thereto makes a refusal manifestly impossible. The failure to follow established premises to their legitimate conclusion only beclouds the principles upon which the Commission may be expected to act in future and leaves nothing certain but uncertainty.

In the matter of rate regulation and fixation we have reached a point where one of two courses ought deliberately to be chosen and clearly announced. If, despite increased costs not offset by increased revenue, increases in rates are to be denied, except where in individual instances gross injustice would be occasioned by their denial, the carriers ought to be apprised of this policy, so that they may set their house in order, if they can, against such a situation. If, on the other hand, we are to acknowledge in general, what we are perforce compelled to admit in detail, just and reasonable increased rates should be permitted not grudgingly but with such fair measure of allowance as will indicate that the transportation industry is entitled in the interest of the public to earnings sufficient to provide a service commensurate with public needs.

HARLAN, *Commissioner*, dissenting:

The essential facts in this case are sufficiently stated in the majority report and in the dissenting report of my brother DANIELS. While the record shows that the southwestern lines are less strong financially than other lines in this western country, it also shows that the respondent carriers as a whole are in need of additional revenues. It is therefore but just to the owners of these properties that there should be some increase in their rates and the public interest requires this if the present high standard of service is to be maintained. Aside, however, from the financial condition of the respondent carriers my examination of the record has led me to the conclusion that the increases in rates proposed by the respondents have been justified. Unlike the course pursued by the carriers in *The Five Per Cent case*, 31 I. C. C., 351, the respondents have not attempted a horizontal increase in all their rates. On the contrary they have proposed an increase on but 10 commodities. Following the suggestions of our

original report in that case, they have examined their rate structures and have selected commodities on which the present rates seem unduly low; they have also proposed charges for special services now being performed free or without adequate charge. Manifestly each commodity moved over their rails and every special service performed for a shipper should be made to contribute reasonably and equitably to the revenues of the carriers. This is a principle insisted upon in the original report in *The Five Per Cent case, supra*, and I am satisfied from the record that the respondents have endeavored in good faith to act upon that basis in the tariffs here under suspension.

I concur in the increases approved in the majority report. I share also the conviction of my brother DANIELS that the present rates on live stock, fresh meats, packing-house products, and cotton piece goods are also unduly low and may properly be increased. I am unable therefore to assent to the denial by the majority of the increases proposed by the respondents in the rates on those commodities. While the record shows that the revenue earned upon grain is fairly satisfactory, grain and grain products, generally speaking, have long taken a common rate throughout this territory, and considered together as one kind of traffic, the record, in my judgment, justifies an increase in rates on substantially the basis proposed by the carriers.

Several thoughts are suggested by the immense record before us in this proceeding: (a) Too much time and labor are expended in these recurring rate contests, and some way should be found under legislative authority for arriving at results more promptly than is now possible under our present powers and practices. (b) The Commission should have authority, as we have often pointed out, to fix the minimum as well as the maximum rate. The sincere efforts of carriers toward a fair and nondiscriminatory rate adjustment often fail because of the necessity of submitting to the rates and practices initiated by weaker and more circuitous lines in their pursuit of traffic. (c) The time is rapidly approaching when the public interest will demand a more effective control by the Commission over rates initiated or compelled by state authorities. With respect to a great volume of traffic interstate commerce is now bearing a burden under rates admittedly reasonable that should be spread over state commerce as well. (d) A uniform classification upon a normal basis, applicable throughout the entire country, and with it a normal rate structure in some such form as was prescribed in the *Express case*, 24 I. C. C., 380, having sufficient elasticity to allow for varying operating costs, density of traffic, circuitous routes, competitive and other conditions under which transportation is conducted in different parts of the country, may be possible of attainment, and I am satisfied that some effort looking to that end should be made.

INVESTIGATION AND SUSPENSION DOCKET No. 409.
LIVE-STOCK RATES FROM POINTS IN COLORADO, SOUTH DAKOTA, AND OTHER STATES TO OMAHA, NEBR., AND OTHER POINTS.

Submitted November 4, 1914. Decided July 30, 1915.

Proposed increased rates for the transportation of cattle and sheep in carloads from points in Colorado, South Dakota, and other states to points on the Missouri and Mississippi rivers and to Chicago, Ill., found not to be justified.

H. A. Scandrett, W. F. Dickinson, Wallace T. Hughes, Jas. L. Coleman, E. N. Clark, J. C. Mc Murry, Tyson Dines, Chas. Donnelly, R. B. Scott, P. L. Williams, E. E. Whitted, C. C. Wright, R. H. Widdicombe, F. G. Wright, H. T. Rogers, T. J. Norton, and O. W. Dynes for respondents.

P. W. Dougherty, J. J. Murphy, W. G. Smith, and F. C. Robinson for South Dakota Board of Railroad Commissioners and South Dakota Live Stock Association.

A. F. Stryker for Kansas City Live Stock Exchange, St. Joseph Stock Yards Company, South St. Joseph Live Stock Exchange, Union Stock Yards Company of Omaha, and South Omaha Live Stock Exchange.

W. H. Schellberg for Union Stock Yards Company of Omaha.

M. F. Blanchard for St. Joseph Live Stock Exchange.

F. C. Fletcher for St. Joseph Stock Yards Company.

J. H. Henderson for Iowa Board of Railroad Commissioners, Corn Belt Meat Producers' Association, and Iowa protestants.

F. M. Stewart and Frank Cock for Western Cattle Raisers' Association.

Fred Farrar for State Railroad Commission of Colorado.

S. H. Cowan for American National Live Stock Association and Cattle Raisers' Association of Texas.

T. W. Tomlinson for American National Live Stock Association and Arkansas Valley Stock Feeders' Association.

Geo. T. Bell and C. E. Childe for Sioux City Live Stock Exchange and Sioux City Commercial Club.

S. W. McClure for National Wool Growers' Association.

REPORT OF THE COMMISSION.

McCHORD, *Chairman*:

The tariffs under investigation in this proceeding were suspended by the Commission from the dates when they would otherwise have become effective, some until January 30, 1915, and others until May 12, 1915. An original and two supplemental orders were entered, but the investigations were conducted as one proceeding. Since the issues here raised are in many respects similar to those presented in 1915 *Western Rate Advance case*, 35 I. C. C. 497, the schedules were further voluntarily postponed by the respondents to September 1, 1915. By the tariffs in question the respondents propose to increase their rates on cattle and sheep in carloads from points in the states of New Mexico, Colorado, Utah, Oregon, and Wyoming, on or west of the Colorado common-point line, and from points in Montana, North Dakota, and South Dakota to markets on the Missouri and Mississippi rivers and to Chicago, Ill. Some increases are also proposed from points east of the Colorado common-point line.

The orders of suspension were based on protests filed by the South Dakota Board of Railroad Commissioners, the Railroad Commission of Montana, the Commercial Club of Kansas City, Mo., the Kansas City Live Stock Exchange, the South Omaha Live Stock Exchange, the Arkansas Valley Stock Feeders' Association, the American National Live Stock Association, the National Wool Growers' Association, and the Sioux City Commercial Club.

The Railroad Commission of Colorado, and a number of corporations and associations interested in the live-stock business other than the protestants, appeared at the hearing and submitted testimony.

The proposed increases in the rates average about 2 cents per 100 pounds on both cattle and sheep. From Montana, North Dakota, South Dakota, and certain points in Wyoming the increase is 1 cent on cattle and 2 cents on sheep. The increased rates on sheep apply only to shipments in double-deck cars. There are a few points from which the increases differ from the above figures, but the differences are due to an effort by the carriers to bring about uniformity in the rates from all this general territory.

The carload minimum for cars 36 feet in length varies somewhat in different parts of the territory. On cattle from points in eastern Colorado, eastern Wyoming, and South Dakota the carload minimum is 22,000 pounds. From points in western Colorado, western Wyoming, and Idaho the carload minimum is 26,000 pounds. From a few points in Colorado and Wyoming and from points in Montana the carload minimum is 24,000 pounds. On sheep in double-deck cars from points in western Colorado, western Wyoming, Idaho, 35 I. C. C.

and Oregon the carload minimum is 23,000 pounds. From all other points involved in this controversy the minimum is 22,000 pounds.

It appears that in 1903 the carriers increased their rates on cattle from points in New Mexico, Colorado, Wyoming, Nebraska, and other states to Chicago, Ill., and to St. Louis and Kansas City, Mo. The increased rates were investigated by this Commission in *Cattle Raisers' Asso. of Tex. v. M., K. & T. Ry. Co.*, 11 I. C. C. 296, hereinafter called the *Cattle Raisers' case*. By decision of August 16, 1905, the Commission held the rates to be unreasonable to the extent of the increases. On petition by the complainant for additional and more specific findings by the Commission the case was reopened for further hearing, 12 I. C. C. 1. By decision of April 14, 1908, 13 I. C. C. 418, the Commission adhered to its former conclusion and required the carriers to reform their tariffs accordingly. The carriers instituted proceedings in court with the view to having the Commission's order set aside, but the proceedings resulted in a decree sustaining the order. *M., K. & T. Ry. Co. v. Interstate Commerce Commission*, 164 Fed. 645.

Some of the rates ultimately established by the carriers under the Commission's order are among those sought to be increased in this proceeding. Both protestants and respondents refer to the findings in that case. The protestants contend that they are controlling here. The respondents contend that conditions have so changed in recent years as to justify the increased rates now proposed. Many of the contentions there considered are again urged upon our attention, and much of the voluminous record now before us consists of evidence similar to that in the former case.

The respondents contend that cattle and sheep require and are accorded a special and expensive transportation service which should be reflected in the rates. They specify certain features, relied on to support their claim in this respect, as follows: The necessity of stock pens at loading stations, of special transportation equipment, and of expedited trains. They say there is a large movement of empty cars to loading stations, that the loading is expensive, and that the general movement is more or less spasmodic; that unusual telegraphic service is required to secure safety of through trains; that trains must be stopped in transit for relief of cattle that get down in the cars, which in many instances necessitates unloading and reloading, and that caretakers for whom coaches must be supplied are hauled free and given free return transportation; that large terminal expenses have to be incurred in handling live stock; that the empty return movement of stock cars is greater than for the average traffic; and that live stock are required to be fed and rested in transit each 24 or 36 hours.

Much testimony was submitted as to these various features of the transportation service. Substantially the same matters were urged and considered in the *Cattle Raisers' case*, and the findings and conclusions with respect thereto are set out in the reports of the Commission in that case.

Undoubtedly it is necessary to provide stock pens at loading stations. It is likewise true that cattle are transported in cars of peculiar construction which are commonly known as cattle cars. But these things do not of themselves justify the increased rates. To some extent special live-stock trains are provided by the carriers, but it very frequently occurs that cars loaded with cattle or sheep are carried in trains with dead freight. The hauling of empty cars to loading stations is not a new condition, nor was it shown that the method of loading is other than substantially the same as it has been for years. If there is any increase in the cost of loading, the increase does not result from different methods.

There is dispute in the testimony as to whether shipments of live stock move more rapidly now than formerly, and whether the service is more expensive. In the *Cattle Raisers' case* the carriers insisted that stock trains were given a schedule of approximately 20 miles an hour, while the shippers contended that the speed was ordinarily between 12 and 18 miles an hour. The evidence now before us is not sufficiently definite to enable us to determine the actual average speed of trains engaged in live-stock transportation, but the record indicates that the speed has increased within the last five years.

While the movement of live stock is heavy at some seasons of the year and light at others, and for this reason may be termed periodic, it is not spasmodic, though additional employees are needed for the period when the movement is heavy. The record leaves no doubt in our minds that the traffic is in many respects desirable.

It was testified that cattle sometimes get down in the cars and that trains have to be stopped in order to relieve such situations; also that caretakers, when in charge of two or more cars, are carried free in coaches or cabooses attached to the trains and are given free return transportation, but these conditions are not new; they have existed for many years.

The record shows that switching expenses at terminals have increased, but it does not appear that such increases should necessarily result in increased rates to shippers. The application of the law relating to feeding and resting in transit is no more burdensome now than in former years.

In the *Cattle Raisers' case*, 11 I. C. C. 296, 328, it was shown that the empty stock-car movement on lines of the Union Pacific Railroad Company for a period of 8 months amounted to 43.8 per cent
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of the total movement for the same period of both loaded and empty stock cars over the same lines. The record in this case shows that for the year ended June 30, 1913, the empty stock-car movement over the lines of that road amounted to 46.1 per cent of the total movement both loaded and empty. Other respondents do not show so high a percentage of empty movement. The average for the roads furnishing data on this subject is about 41.5 per cent. There is some contention that a part of this empty movement is eastbound, for which live-stock dealers are not responsible, but the extent thereof is not shown.

From the evidence of record it appears that loss and damage claims on live stock have increased in amount since 1908, though such claims as to all traffic handled by respondents have decreased in that time.

Relatively the expenditures for loss and damage claims on live stock are greater than the average of such claims paid on freight in general. There is scarcely room for doubt that by greater efficiency and care the amount of loss and damage on live stock could be reduced, but this would probably result in increased cost to the carriers.

There was no attempt to distinguish these loss and damage claims as between interstate and intrastate traffic. The hazard is incident to the transportation of live stock generally. The claims on cattle are relatively greater than on sheep. One of the reasons for the increased amount of such claims is the increased value of live stock of all kinds, in consequence of which shrinkages in weight caused by delays or other untoward conditions in transit entail greater loss than when prices of live stock were lower.

A table showing the average car-mile earnings by the Chicago & North Western Railway on live stock, the average car-mile earnings on various other commodities, and the average car-mile earnings on all carload freight, in cents per 100 pounds, for the years 1912 and 1913, was filed of record supported by testimony as to its correctness. The table is as follows:

Commodity.	1912	1913	Commodity.	1912	1913
	<i>Cents.</i>	<i>Cents.</i>		<i>Cents.</i>	<i>Cents.</i>
Horses.....	15.97	16.65	Bituminous coal.....	19.34	18.49
Cattle.....	14.02	14.45	Petroleum.....	25.69	23.25
Sheep.....	10.75	10.34	Sugar.....	18.31	17.69
Hogs.....	13.37	13.10	Cement.....	19.94	21.25
All grain.....	23.12	24.68	Beef.....	19.37	19.31
Potatoes.....	14.85	15.04	All carload freight.....	17.63	18.04
Anthracite coal.....	18.29	19.29			

By a comparison of the earnings on live stock with the earnings on carload freight generally over the lines of the Chicago, Burlington &

Quincy for the year ended June 30, 1913, it was shown that the total earnings on live stock amounted to \$5,627,397. There were 169,429 cars, and the earnings per car amounted to \$33.21. The earnings on all carload freight for the same year amounted to \$54,468,189. The total number of cars was 1,205,943, and the earnings per car amounted to \$45.17. If the live-stock shipments had been excluded the total earnings would have been \$48,840,792, the total number of cars 1,036,514, and the average earnings per car \$47.12. The average loading weight of live stock on the Burlington system was shown to be about 10 tons per car, whereas the average weight of all carload freight is about 26 tons per car. Other and similar comparisons were submitted in evidence, but the foregoing are, we think, sufficiently illustrative of the general situation.

The protestants point out that while the revenue per car on live stock is less than the revenue per car received from the average of all other carload freight, the weight of live stock carried is relatively still less. In a table presented by protestants to show car-mile earnings from live stock, the rates used show an average revenue of 13.3 cents per car per mile.

Large portions of the former free cattle ranges of the west have been occupied by homesteaders in recent years, and the cost of producing cattle and sheep has considerably increased, though the production has decreased in volume. Higher grades of stock are now shipped, however, and higher prices are obtained in the markets. Protestants urge that the raising of live stock should be encouraged and that to increase the rates would tend to the opposite result. Respondents say that as the volume of the traffic has decreased the rates should be correspondingly increased.

The evidence shows that the labor cost of cleaning stock cars has increased in the last five years about 15 per cent and in 10 years about 22 per cent. A statistician of the Santa Fe testified that the percentage of net to gross income had decreased each five-year period from 1898 to the date of the hearing, which he accounted for on the theory of increasing prices for things purchased and higher wages and salaries than were formerly paid. Details of the increased cost of train crews per 100 miles were given by another witness as follows:

Employees.	1903	1914
Conductors.....	\$3.00	\$4.13
Brakemen.....	2.00	2.78
Engineers.....	4.35	5.40
Firemen.....	2.75	3.20

What has been already stated applies as well to the rates from South Dakota. It is proposed to increase the rates from South Dakota 1 cent on cattle and 2 cents on sheep. The protestants contend that as the rates from South Dakota are relatively higher than rates on cattle and sheep in the general territory involved, a special condition obtains which requires a different conclusion from that which might be justified as to the rates generally. In the southwestern part of South Dakota traffic of all kinds is light. Along the line of the Chicago, Milwaukee & St. Paul, for a distance of about 220 miles, the live-stock traffic amounts annually to probably less than 300 cars. It was testified by one of respondents' witnesses that even under the proposed rates the earnings of the carriers serving this part of South Dakota would no more than meet their operating expenses.

The rates from South Dakota are on a higher plane than in any other part of the territory involved, and the proposed rates are higher than those found reasonable in *Investigation of Alleged Unreasonable Rates on Meat*, 22 I. C. C., 160, 177.

The present interstate rates are higher than the intrastate rates in the same territory and it is urged that the proposed increases will only widen the spread between the two. In their brief and argument upon this subject counsel for the shippers say:

It is notorious that intrastate rates on practically all traffic are on a lower basis than interstate rates. Mr. Spens referred to an order of the Nebraska Railroad Commission which he said will cost the Burlington \$500,000 to \$750,000 annually. This amount, we believe, is somewhat exaggerated—railroad witnesses deal in superlatives when talking about costs and losses, etc.; but it emphasizes the widening tendency between the basis of the state-made rates and interstate rates. This is noticeable in live-stock rates. Going westbound, live-stock rates jump very rapidly after crossing the state lines of Kansas and Nebraska. Live-stock rates have been reduced 15 per cent in Nebraska in the last six or seven years, by the action of the legislature.

The present charge per 36-foot double-deck car of sheep from Soda Springs, Idaho, to Omaha, a distance of 1,000 miles, is \$138. Under the Texas commission scale the charge for transporting a similar car of sheep for 750 miles is \$70.95, and if we add one-third, to make the mileage equal to the distance from Soda Springs to Omaha, the charge would be \$94.50. Similar computations of state rates fixed by other state commissions show even a greater disparity.

If the railroads are to be permitted to widen the present differences by increase in interstate rates, the time is not far distant when interstate traffic will be standing the most of the burdens of the railroad transportation and state traffic will be reaping most of the benefits.

The incongruity between the intrastate rates and the present interstate rates is amply manifested by the evidence.

An exhibit filed of record shows a comparison between interstate rates from points in South Dakota to Sioux City, Iowa, with Iowa distance rates for substantially similar distances as follows:

To Sioux City, Iowa, from—	Miles.	Fat cattle.	Sheep, D. D.
		<i>Cents.</i>	<i>Cents.</i>
Kennebec, S. Dak.	234	24.5	28.0
Iowa distance	240	13.7	13.7
Boenic, S. Dak.	382	28.5	22.0
Iowa distance	390	17.0	17.0
Murphy, S. Dak.	416	36.0	37.0
Iowa distance	420	17.6	17.6
Fort Pierre, S. Dak.	309	26.0	29.0
Iowa distance	310	15.6	15.6
Midland, S. Dak.	359	37.0	31.0
Iowa distance	360	16.5	16.5
Rapid City, S. Dak.	474	36.0	37.0
Iowa distance	480	18.8	18.8
Laplant, S. Dak.	418	32.0	38.0
Iowa distance	420	17.6	17.6

It was testified that substantially the same situation as to interstate and intrastate rates prevails with regard to shipments from the same territory to St. Paul and Omaha.

In judging of the propriety of new schedules, the Commission is charged with a broader duty than when simply passing upon the reasonableness of particular rates. *1915 Western Rate Advance case, supra.* The incongruity between the proposed interstate rates and the intrastate scale is a circumstance which goes vitally to the propriety of the rates under suspension. To dispose of this issue it is necessary to have before us the facts and circumstances surrounding the establishment of these intrastate rates. The record, however, in this respect is insufficient.

Upon a consideration of all the facts and circumstances we are of opinion and find that the respondents have not established the propriety of the proposed increased rates. An order will be issued requiring the cancellation of the suspended tariffs.

DANIELS, Commissioner, dissenting:

I am unable to concur in the majority report in this case. In so far as the majority base their conclusion upon the claim that—

The incongruity between the proposed interstate rates and the intrastate scale is a circumstance which goes vitally to the propriety of the rates under suspension. To dispose of this issue it is necessary to have before us the facts and circumstances surrounding the establishment of these intrastate rates. The record, however, in this respect is insufficient—

what is said in my dissenting memorandum from that part of the report in the *1916 Western Advance Rate case, supra*, relating to live-stock rates is applicable here and need not be repeated.

If, however, the principle upon which the majority report is grounded were correct, and not in conflict with the uniform practice of the Commission and directly in opposition to principles stated in unanimous opinions of the Commission, I should still be unable to concur because the record does not, in my judgment, support the statement of facts upon which the majority rely as a justification for the application of this novel principle.

The majority report says:

The present interstate rates are higher than the intrastate rates in the same territory, and it is urged that the proposed increases will only widen the spread between the two.

The record shows, on the contrary, that the increased rates here under investigation are generally lower than intrastate rates in territory comparable with that here affected. The respondents submitted comparisons of the proposed increased rates with rates on live stock established by this Commission in *Investigation of Alleged Unreasonable Rates on Meats*, 22 I. C. C., 160, hereinafter called the *Oklahoma case*. While the mileage scale prescribed in that case was not intended to be an ideal scale applicable to all cases, the transportation conditions there considered were not materially different from those disclosed by the evidence in the instant case. These comparisons show that the proposed rates here under investigation are in most instances lower than the mileage rates prescribed in that case. In *Investigation and Suspension Docket 99*, 25 I. C. C., 63, we justified rates on live stock which were generally higher than those here proposed.

The scale prescribed in the *Oklahoma case, supra*, is a composite of the Texas, Oklahoma, and Kansas scales. This record does show that the intrastate rates in Iowa are lower than the interstate rates from South Dakota, but South Dakota and Iowa can not be designated as the "same territory," nor are they similar in the respects which determine the level of rates. The report of the majority shows smaller increases from South Dakota than from the territory generally and further shows a very light density of traffic in that state, and cites the testimony of one of the respondents' witnesses that even with the increased rates proposed the carriers serving the part of South Dakota from which the increases apply "would no more than meet their operating expenses." It must be remembered that this case proposes no increases from Iowa, and that intrastate rates in South Dakota are not shown to be either higher or lower than interstate rates. While the Iowa intrastate rates to Sioux City are

lower than the interstate rates from South Dakota to Sioux City, there are shown of record facts peculiar to the transportation condition from South Dakota which justify higher rates in that territory. Rates on sheep from Idaho are higher than the Oklahoma scale, but no contention is made that they are higher than intrastate rates in the "same territory."

In *Rates on Live Poultry in Western Trunk Line Territory*, 32 I. C. C., 380, the Commission, in declining to accept the plea that interstate rates were already higher than intrastate rates, increased the interstate rates, and informed the parties thereto, including the respondents before us, that the relation of intrastate rates and interstate rates could be determined in a subsequent proceeding. Here, without warning of a change in practice, and after the carriers had presented their justification, the majority report denies increases not even asserted in said report to be unjust or unreasonable, thus deciding the case on an issue upon which the respondents have had no hearing.

The majority report shows that, owing to reductions in state rates in Nebraska, there have been large reductions in the revenues of certain carriers. This fact does not concern some of the respondents, however, and is not material here because the increases are sought to be justified on grounds other than need of additional revenue.

The record shows indubitably that the cost of the service of transporting live stock has in the last few years been largely augmented, and that the value of live stock having increased 40 per cent, the value of the service to the shipper is greater than heretofore.

Because the majority opinion is based upon a novel and, I believe, untenable principle, and because were the position correct, the facts of record deny its applicability here, I am compelled to dissent from the conclusion "that the respondents have not established the propriety of the proposed increased rates."

Mr. COMMISSIONER HARLAN authorizes me to state that he concurs in the views expressed herein.

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STEAMER LINES ON THE CHESAPEAKE BAY AND RIVERS TRIBUTARY THERETO.¹

Submitted May 17, 1915. Decided July 30, 1915.

Upon applications of the Pennsylvania Railroad Company and certain of its subsidiary companies, and of the Baltimore, Chesapeake & Atlantic Railway Company and the Maryland, Delaware & Virginia Railway Company, under section 5 of the act to regulate commerce as amended by the Panama Canal act, for authority to continue the operation of steamers on the Chesapeake Bay and rivers tributary thereto; and it appearing that the Maryland, Delaware & Virginia Railway Company, which directly owns and operates some of the steamer lines involved, is controlled through stock ownership by the Baltimore, Chesapeake & Atlantic Railway Company, which directly owns and operates the other steamer lines involved, and that the latter company is likewise controlled through stock ownership by the Pennsylvania Railroad Company and its subsidiary companies; *Held:*

1. That substantial competition does or may exist on the eastern but not the western shore of the Chesapeake Bay between the rail lines of the petitioners and the steamer lines the subject of the applications.
2. That the steamer lines operating between Baltimore, Md., and Claiborne and Love Point, Md., respectively, are necessary extensions of the rail lines of their directly owning carriers.
3. That it is not shown that the present operation by the petitioners of the steamer lines between Baltimore and the eastern shore, other than those last above named, is in the interest of the public and of advantage to the commerce and convenience of the people, and that the continuance of such ownership and operation will neither exclude, prevent, nor reduce competition on the routes by water.

Ralph Robinson, N. P. Bond, and G. S. Patterson for the petitioners.

A. E. Beck for the Merchants & Manufacturers Association of Baltimore, intervener.

Herbert Sheridan for the Baltimore Chamber of Commerce, intervener.

¹ The proceeding embraces petitions in—No. 6669, Application of The Pennsylvania Railroad Company; Philadelphia, Baltimore & Washington Railroad Company; Delaware Railroad Company; and New York, Philadelphia & Norfolk Railroad Company, under the Provisions of Section 5 of the Act to Regulate Commerce as Amended by the Panama Canal Act; No. 6667, Application of the Baltimore, Chesapeake & Atlantic Railway Company under Section 5 of the Act to Regulate Commerce as Amended by the Panama Canal Act; and No. 6670, Application of the Maryland, Delaware & Virginia Railway Company under Section 5 of the Act to Regulate Commerce as Amended by the Panama Canal Act.

Alfred Bagby, jr., for the Baltimore Fruit & Produce Exchange, intervener.

H. E. Karr and *D. L. Warner* for the Eastern Shore Development Steamship Company, intervener.

REPORT OF THE COMMISSION.

CLEMENTS, *Commissioner*:

This proceeding is upon applications of the Pennsylvania Railroad Company and other carriers, filed March 2, 1914, under section 5 of the act to regulate commerce as amended by section 11 of the Panama Canal act, for authority to continue their operation of certain water lines between Baltimore, Md., and points on the Chesapeake Bay and rivers tributary thereto, and of a line between Norfolk, Va., and points on the Rappahannock River. Individual applications were filed by the carriers directly owning and operating the boat lines, the Baltimore, Chesapeake & Atlantic Railway Company and the Maryland, Delaware & Virginia Railway Company, and an application was filed by the Pennsylvania Railroad Company and certain of its subsidiary companies, the Philadelphia, Baltimore and Washington Railroad Company, the Delaware Railroad Company, and the New York, Philadelphia & Norfolk Railroad Company, which four companies will be referred to hereinafter as the Pennsylvania lines. It is stated in the applications that the Pennsylvania lines together own all but a comparatively small portion of the stock of the Baltimore, Chesapeake & Atlantic Railway Company, and that the latter holds a controlling stock interest in the Maryland, Delaware & Virginia Railway Company.

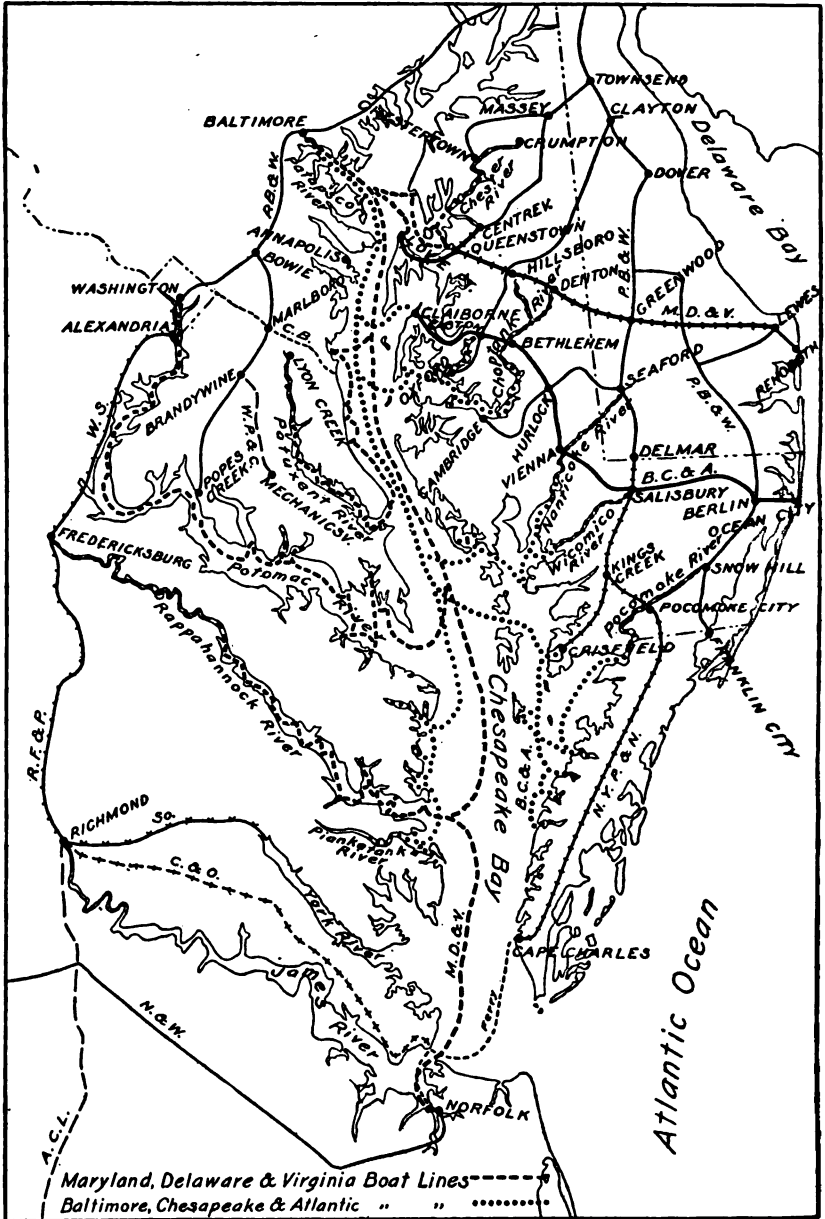
The Baltimore Chamber of Commerce, the Merchants & Manufacturers Association of Baltimore, the Baltimore Fruit & Produce Exchange, and the Eastern Shore Development Steamship Company intervened against the granting of the applications, the first two named, however, only so far as the applications relate to lines serving the eastern shore. The last named operates a steamer line between Annapolis, Md., and Claiborne, Md., and other points.

The water lines involved and the rail lines on the eastern and western shores of the Chesapeake Bay are shown on a map printed herewith. The transportation conditions on the two sides of the bay are substantially different and we will first consider the lines serving what is generally known as the eastern shore.

THE EASTERN SHORE LINES.

From Philadelphia, Pa., and Wilmington, Del., the Pennsylvania lines extend south to practically the extremity of the peninsula composed of Delaware and portions of Maryland and Virginia, with ferry
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service from Cape Charles, Va., to Norfolk, and from the main line there are branch lines to the east and to the west. All traffic to or from



the peninsula via these lines moves either through Norfolk or through Wilmington or junctions just south thereof. The only other rail lines on the peninsula are those of the Baltimore, Chesapeake & Atlantic

and Maryland, Delaware & Virginia, which extend from the Atlantic Ocean to points on the Chesapeake Bay, with water connections to Baltimore. The former's rail line extends from Ocean City, Md., to Claiborne, Md., 87.6 miles, and has junctions with the Pennsylvania lines at Berlin, Salisbury, Hurlock, and Easton, Md. The latter's line extends from Lewes, Del., to Love Point, Md., 71 miles, and its junctions with the Pennsylvania lines are at Ellendale and Greenwood, Del. The Maryland, Delaware & Virginia has a branch line 6 miles in length from Queenstown, Md., to Centerville, Md., the southern terminus of a branch of the Pennsylvania lines. Claiborne and Love Point are 44 and 27 miles, respectively, from Baltimore by water.

The water lines involved serving the eastern shore are the Chester River and Love Point lines, directly owned and operated by the Maryland, Delaware & Virginia, and the Claiborne line and five lines navigating the rivers piercing the peninsula, directly owned and operated by the Baltimore, Chesapeake & Atlantic. The water and the rail lines described constitute every transportation line operating to the eastern shore on a regular schedule, with the exception of the Eastern Shore Development Steamship Company, which has been unable to secure through freight rates with the petitioning carriers.

The petitioners admit competition between the water lines and the rail lines having an interest therein, and this competition the record shows is, or might be, of a substantial nature. The rivers, it will be noted, are in many cases practically parallel to the rail lines, and there are many interior river points common to the rail and water lines. Chestertown, Md., is served by the Chester River line and is the southern terminus of a branch of the Pennsylvania lines, while Queenstown is common to the water and the rail lines of the Maryland, Delaware & Virginia. The points common to Baltimore, Chesapeake & Atlantic water lines and the rail lines are Denton, Md., on the Maryland, Delaware & Virginia; Easton; Vienna, Md., on the Baltimore, Chesapeake & Atlantic; Seaford, Del., on the New York, Philadelphia & Norfolk; Salisbury; Crisfield, Md., which is the only point at which ship-side delivery is made by the Pennsylvania lines to any of the water lines involved; and Pocomoke City and Snow Hill, Md., on the New York, Philadelphia & Norfolk. Salisbury, it will be observed, is on the rails of both the New York, Philadelphia & Norfolk and Baltimore, Chesapeake & Atlantic, and in addition is served by the boats of the latter company.

Upon the record we find that the petitioning rail carriers may compete for traffic with the water lines in which they have an interest operating between Baltimore and points on the eastern shore of the Chesapeake Bay and rivers extending therefrom.

There remains, therefore, only the questions whether or not the existing service by water is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and whether or not an extension of time during which petitioners may continue the operation of the steamer lines in question will neither exclude, prevent, nor reduce competition, on the routes by water.

The lines to Baltimore from Claiborne and Love Point are in practical effect ferry extensions of the rail lines of their directly owning carriers, which are thus enabled to reach a large market without the use of the Pennsylvania lines. Upon the record we find that the existing services by water, operated by the Baltimore, Chesapeake & Atlantic between Baltimore and Claiborne, and by the Maryland, Delaware & Virginia between Baltimore and Love Point, are being operated in the interest of the public and are of advantage to the convenience and commerce of the people, and that an extension of the time during which such services may continue will neither exclude, prevent, nor reduce competition on the routes by water over which they operate. The applications will therefore be granted as to these lines.

In the support of their applications the petitioning carriers offered testimony of their officers and agents as to the sufficiency and regularity of the service, the reasonableness of the rates, and the sparsity of traffic and the irregularity of its movement. In a letter written in 1896 with reference to the Baltimore, Chesapeake & Atlantic, Mr. Samuel Rea, now president but then assistant to the president of the Pennsylvania Railroad Company, expressed the opinion that it was the water lines rather than the rail lines which made competition on the eastern shore, and this seems justified from a study of the geography of this section. The general freight agent of the Pennsylvania Railroad Company in charge of local traffic testified that the effect of the acquisition by the Pennsylvania lines of the competing transportation lines on the eastern shore had been to stabilize rates and make them uniform throughout the entire region; to improve the service; to eliminate rebates; and to enable shippers to reach new markets. In considering the applications here involved we must bear in mind that one evident purpose of section 11 of the Panama Canal act was to remove restraints on competition between the rail and the water lines, and in a case of this nature it is our opinion that the showing which would justify us in granting the desired permission is not merely that the existing service and the rates are reasonably satisfactory and have not been the cause of substantial complaint, but that under railroad ownership the lines render service as good as they would render if independently owned and operated,

and that railroad ownership does not deprive the public of substantial benefits of competition, either in service or in rates. In considering these questions it is necessary to state something of the history of the two companies.

The Baltimore, Chesapeake & Atlantic was organized on August 29, 1894, by Nicholas P. Bond and others to acquire the property of the Baltimore & Eastern Shore Railroad, which was sold under a decree of the United States circuit court of Maryland to Mr. Bond on the date named. That line was completed in 1890 and the company had been in the hands of receivers since 1891. The new company issued to Mr. Bond in payment for the property 20,000 shares of its common stock, of a par value of \$1,000,000, and 30,000 shares of 5 per cent cumulative preferred stock, of a par value of \$1,500,000, and in the same year purchased the boats, 15 in number, and wharf properties of the Maryland, Eastern Shore, and Choptank River steamship companies, for \$760,000 in cash. Funds for this and other purposes were secured from the sale of 5 per cent first mortgage bonds, of a par value of \$1,250,000.

In 1899 the Pennsylvania lines purchased all of the common stock and 13,021 shares of the preferred stock of the Baltimore, Chesapeake & Atlantic Railway Company, paying for the former \$5 and for the latter \$25 a share, or a total of \$425,525. The Pennsylvania's holdings have since been increased to the extent of 15,519 shares of preferred stock, at a total cost of \$638,137, an average of over \$41 a share. The Pennsylvania lines therefore own all but 1,460 shares of the total stock issue.

On April 11, 1911, the board of directors of the Baltimore, Chesapeake & Atlantic approved of the purchase of wharf properties and three steamers of the Wheeler Transportation line for \$79,000 in cash, its resolution reading in part as follows:

Whilst the management of the Wheeler Transportation line has been conservative and has not to any serious extent disturbed our rates, still during the past four years they have done a gross business in competition with us of \$223,000. As it will be possible for our Choptank River line to handle a good deal of business formerly handled by the Wheeler line, etc. * * *

In the meantime the Queen Anne Railroad Company, which was chartered under the laws of Maryland in 1894, had been placed in the hands of receivers, and in 1905 its properties, which had been sold under foreclosure proceedings to Messrs. Nicholas P. Bond and Henry P. Scott, were acquired by two corporations organized by the parties named. One of these corporations also acquired the property of the Weems Steamboat Company, comprising 10 boats and wharf properties, for \$1,030,966.13, and the Chester River Steamboat Company, comprising 4 boats and wharf properties, for \$185,573.87,

issuing in exchange therefor 5 per cent certificates of indebtedness. Immediately after their organization the two companies were consolidated under the name of the Maryland, Delaware & Virginia Railway Company and there was issued 30,000 shares of common stock, par \$1,500,000, 30,000 shares of 4 per cent noncumulative preferred stock, par \$1,500,000, and first mortgage 5 per cent bonds of a par value of \$2,000,000. All but 6,000 shares of the preferred stock were issued to Messrs. Scott and Bond in exchange for the stock of the two corporations formed by them and bonds of a par value of \$1,670,000 were sold to Scott & Company, of Wilmington, Del., for \$1,421,500 in cash. An agreement was entered into between the Baltimore, Chesapeake & Atlantic and the Maryland, Delaware & Virginia whereby the former received without payment a controlling stock interest in the latter—6,000 shares of preferred and the total issue of common stock—in consideration for its guaranty of the principal of and interest on the bond issue of \$2,000,000 above referred to. Mr. Willard Thomson, now vice president of the two companies, in the interest of the Baltimore, Chesapeake & Atlantic, had appraised the property of the Maryland, Delaware & Virginia at \$1,816,664.

The net operating revenue or deficit of the two companies for the years 1910 to 1913, inclusive, was as follows:

BALTIMORE, CHESAPEAKE & ATLANTIC RAILWAY CO.

Steamer lines.	1910	1911	1912	1913
Chalbourne line.....	\$42,042.00	\$35,171.22	\$31,823.09	\$5,982.55
Ocohanneck River.....	13,792.91	16,550.64	19,676.28	22,441.89
Pocomoke River.....	26,473.23	29,459.80	41,069.98	32,378.34
Choptank River.....	26,255.39	43,987.10	12,540.46	¹ 2,512.79
Wicomico River.....	31,897.07	28,700.28	24,209.54	40,526.33
Nantuxco River.....	¹ 2,375.61	¹ 13,492.82	4,208.03	¹ 5,671.64
Plantank River.....	21,585.38	23,218.39	35,824.22	23,227.16
Reserve steamers.....	.....	.....	¹ 30,990.30	¹ 50,954.81
Total.....	159,670.37	162,594.61	138,390.90	68,576.55
Rail line.....	76,101.35	84,413.64	67,810.23	81,017.18

MARYLAND, DELAWARE & VIRGINIA RAILWAY CO.

Love Point line.....	\$4,449.01	\$13,342.53	\$11,620.43	\$19,718.35
Chester River.....	¹ 10,589.82	¹ 1,764.27	¹ 1,896.26	¹ 14,361.93
Western shore lines.....	82,824.88	114,212.25	115,677.51	122,949.67
Reserve steamers.....	.....	.....	¹ 11,615.83	¹ 15,925.55
Total.....	76,684.07	125,790.51	113,785.85	122,290.65
Rail lines.....	7,788.29	421.67	¹ 11,796.83	¹ 19,183.67

¹ Deficit.

There is no showing as to the cause of the great decrease in 1913 in the net revenue from operation of the Baltimore, Chesapeake & Atlantic steamers, but it appears from exhibits made from records of the company that the operated mileage of the steamer lines increased about 18 per cent (75,000 miles) over the previous year and

the operating expenses more than 20 per cent (\$143,266.97), while the gross operating revenue showed an increase of only about 9 per cent (\$73,482.90). The operating ratio increased from 83.3 to 92.4. Cost of transportation increased in 1913 nearly \$80,000, while the cost of maintenance increased nearly \$60,000. The latter increase was largely due to greater expenditures for repairs to vessels (approximately \$44,000) and greater allowance for depreciation (nearly \$13,000). The gross operating revenue from the steamers in 1913 was \$901,856.87. Neither is the large deficit in 1913 from operation of the Chester River steamers of the Maryland, Delaware & Virginia explained of record. The gross operating revenue decreased more than \$2,000, while operating expenses increased more than \$10,000.

The income and profit and loss accounts of the Baltimore, Chesapeake & Atlantic for 1913 show a deficit of \$158,584.84, whereas in the three previous years the surplus aggregated \$53,869.37. Included in the 1913 account is \$72,307.50 for the retirement of a steamer and \$50,000 advanced to the Maryland, Delaware & Virginia for the payment of interest on its bonds. The total amount so advanced to the Maryland, Delaware & Virginia to December 31, 1913, is \$419,750. The Baltimore, Chesapeake & Atlantic paid dividends on its preferred stock of 5 per cent in 1910 and 1911, and 2½ per cent in 1912. Dividends for the first 19 years of its existence aggregated 31½ per cent, or \$472,500.

The income and profit and loss accounts of the Maryland, Delaware & Virginia for the years 1910 to 1913, inclusive, show deficits aggregating \$242,381.87.

In considering the steamer lines which show deficits from operation some mention should be made of the rate structures on the eastern shore. The all-rail class rates between Baltimore, Philadelphia, and Wilmington and eastern shore points are the same, generally on a scale of 30 cents, first class, while between Baltimore and points on their lines the rail-and-water rates of the Maryland, Delaware & Virginia, with a few exceptions, are on a scale of 27 cents, and the rail-and-water and all-water rates of the Baltimore, Chesapeake & Atlantic, with a few exceptions, are on a scale of 28 cents first class, the maximum differential in favor of the all-water or rail-and-water routes being 3 cents per 100 pounds. The class rates of the Chester River steamers are on a scale of 27 cents first class, but are lower on some classes than the usual Maryland, Delaware & Virginia scale. The amount of the all-rail rates to the peninsula, it was testified by witness for the petitioners, was fixed by the water rates between Baltimore and Hampton Roads points. Only 25 or 30 per cent of the traffic of the eastern shore moves on class rates, and the differences between the all-rail, the rail-and-water, and all-water commodity rates are in many cases

somewhat greater than between the respective class rates. From the statements submitted by petitioners it appears that the all-rail commodity rates are generally blanketed over the peninsula. For instance, the all-rail rates from Baltimore to Cambridge, Centerville, Chestertown, Claiborne, Crisfield, Denton, Easton, Hurlock, Love Point, Oxford, Pocomoke City, Queenstown, Salisbury, and Snow Hill, Md., and Seaford, Del., are 28 cents per barrel on flour, 14 cents per 100 pounds on chops, feed, grits, meal, and hominy, and on sugar 59.4 cents per barrel (330 pounds), or 18 cents per 100 pounds when in boxes or bags. The rates via the rail-and-water or all-water routes, applicable via either route in the case of points served by both, are 15 cents per barrel on flour, 10 cents per 100 pounds on chops, and the other grain products named when less than 1 ton, and 9 cents when over that amount; and on sugar 35 cents per barrel, or 10 cents per 100 pounds when in boxes or bags. To some of the points named the all-water routes have a rate on sugar of 25 cents per barrel on shipments of 5 barrels or more. From all of the points named served by the water lines to Baltimore the rate on shucked oysters is 2½ cents per gallon and the rates on oysters in the shell are 25 cents per flour barrel or 3-bushel bag and 35 cents per sugar barrel. This uniformity of commodity rates is not true in all cases, but is indicative of the policy of rate making on the peninsula.

Owing to the short distance between Baltimore and points on the Chester River there is keen competition for traffic with gasoline motor boats and other small boats, and while it would be impossible on this record to state what rates petitioners could afford to make to meet this competition, the adjustment does not indicate that petitioners' boats are unrestrained in their competition with either the smaller boats or the railroads. In addition the Chester River line has no through rates with the Pennsylvania lines to and from eastern shore points, and apparently the only benefits it receives from railroad ownership are financial. There was no substantial testimony by petitioners that the Chester River line was not a profitable one prior to its purchase in 1905.

Upon the record we do not find that the existing service by water operated by the Maryland, Delaware & Virginia between Baltimore and points on the Chester River is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that an extension of the time during which such service may continue will neither exclude, prevent, nor reduce competition on the route by water. The applications will therefore be denied as to this line.

The only Baltimore, Chesapeake & Atlantic steamer lines showing a deficit are those navigating the Choptank and Nanticoke rivers, and

one of these showed a deficit only in 1913. This company's steamer lines as a whole appear to be profitable, and we are not convinced that, if independent and unrestrained, they could not earn at reasonable rates a fair return on the value of the steamers and other necessary properties. The only through rates to eastern shore points between these lines and the Pennsylvania lines are through Crisfield to Delmar, Del., and points intermediate, and although these steamer lines now have through rates with the Pennsylvania and Baltimore & Ohio railroads through Baltimore, they would undoubtedly be more free under independent management in dealing with the trunk lines with reference to rates and divisions.

Upon the record we do not find that the existing services by water operated by the Baltimore, Chesapeake & Atlantic between Baltimore and points other than Claiborne on the eastern shore of the Chesapeake Bay and rivers extending therefrom are being operated in the interest of the public and are of advantage to the convenience and commerce of the people, and that an extension of the time during which such services may continue will neither exclude, prevent, nor reduce competition on these routes by water. The applications will therefore be denied as to said lines.

THE WESTERN SHORE LINES.

The admission by the petitioners of competition between the steamer lines and the owning rail lines was not specifically limited to the eastern shore, but the record does not indicate the existence or probability of substantial competition on the western shore. The termini of the Potomac River line are Baltimore and Washington, D. C., between which points the Pennsylvania Railroad Company has a rail line, and the termini of one of the Rappahannock River lines are Baltimore and Fredericksburg, Va., the latter being reached from the north by a line in which the Pennsylvania Railroad has an interest. The only other possibility of competition would be in the case of commodities moving to or from farms lying between the Potomac or Patuxent rivers and one of the branch lines of the Pennsylvania Railroad in southern Maryland.

Upon consideration of the facts of record we are of opinion, and find, that petitioners' continued operation of the Patuxent, Potomac, Rappahannock, and Piankatank river lines is not in violation of section 5 of the act to regulate commerce, as amended by the Panama Canal act. As indicated, however, there does exist a possibility of competition between said lines and the owning rail carriers, and the above finding is subject to such action as the Commission may take hereafter, in case a further investigation of the matters and things involved is deemed necessary.

An appropriate order will be entered.

25 I. C. C.

INVESTIGATION AND SUSPENSION DOCKET No. 458.
ANTHRACITE COAL RATES TO CHICAGO, ILL., AND
OTHER POINTS.

Submitted January 12, 1915. Decided July 30, 1915.

Following *Rates for Transportation of Anthracite Coal*, 35 I. C. C., 220, the proposed increase of 25 cents per gross ton on anthracite coal, "prepared sizes," from Pennsylvania mines to Chicago, Ill.; to points taking Chicago rates; to connecting points between eastern and western lines near Chicago, such as Joliet and Kankakee; and to the other connecting points, Peoria, East St. Louis, and St. Louis, justified.

C. A. Eastman for Eastman-Barber Company.

L. A. Rutter for Chicago Coal Merchants' Association.

J. H. Henderson for Iowa Board of Railroad Commissioners and coal dealers of Iowa.

A. D. Beals for Iowa Board of Railroad Commissioners.

H. A. Taylor for Delaware & Hudson Company; Delaware, Lackawanna & Western Railroad Company; Erie Railroad Company; and other carriers.

H. M. Griggs for New York Central lines.

REPORT OF THE COMMISSION.

McCHORD, Chairman:

The tariffs under investigation in this proceeding were filed by respondents to become effective May 20 and May 29, 1914, but were suspended by the Commission until March 17, 1915, upon the protest of dealers in anthracite coal in the city of Chicago and in the states of Iowa and Nebraska. Subsequently respondents voluntarily suspended the operation of the schedules until July 17, 1915. The report in this matter was held up pending the report on the *Rates for Transportation of Anthracite Coal*, 35 I. C. C., 220, and the rates here involved have automatically gone into effect with the expiration of the suspension period.

This investigation involves the reasonableness of the proposed increase of 25 cents per gross ton in the rates for transporting anthracite coal, "prepared sizes," all rail in carloads from the anthracite mines in northeastern Pennsylvania to Chicago and Chicago rate points and to points of connection between eastern and western lines near Chicago, such as Joliet, Kankakee, Griffith, and others, and to the other points of connection between such lines, Peoria, East St. Louis, and St. Louis.

The effective rates and the proposed increased rates per net ton and per gross ton from the mines to the points indicated are as follows:

Destination.	Effective rate.		Proposed rate.	
	Gross ton.	Net ton.	Gross ton.	Net ton.
Chicago and Chicago rate points.....	\$3.50	\$3.12	\$3.75	\$3.35
Peoria.....	3.75	3.35	4.00	3.55
St. Louis and East St. Louis.....	4.00	3.55	4.25	3.75

The all-rail movement of anthracite coal to Chicago is annually about 2,500,000 tons, and the movement by water in 1913 was 1,083,712 tons.

The proposed increases apply to all-rail shipments to points west of Chicago to which there are no through rates from Buffalo. Except to Mississippi River points, there are no through rates from Buffalo to points west of Chicago. The proposed increases do not affect the territory which extends from Chicago west to the Mississippi River, south to St. Louis and Cairo, and north to Quincy, except a few points to which there are now through rates, such as Peoria, East St. Louis, and St. Louis. To Quincy and to the Mississippi River crossings north, the increase of 25 cents applies. The rates to the lower Mississippi River crossings below St. Louis are not affected.

Through rates are effective on all of the lines from the mines to Chicago and to Chicago rate points and to Peoria, East St. Louis, and St. Louis. Of the through rates, \$1.75 formerly constituted the division accruing to the trunk line carriers for the haul from the mines to Buffalo as opposed to the local rate of \$2 on all lines for that haul. But to points intermediate to Chicago and to other points in Ohio, Indiana, and Michigan, to which no through joint rates apply, the rate applicable is made by the combination of the local \$2 per gross ton rate from the mines to Buffalo and the local or reshipping rate from Buffalo west to destination, by which combination there is brought about a freight charge of 25 cents a gross ton more to those points which commonly take the same rate as Chicago than the former joint through rate to Chicago.

Anthracite coal is not sold f. o. b. at the mines, but at such a price per net ton in Chicago as preserves to the producer of coal the advantage of the 25 cents, so that the producer realizes more profit on the through shipments to Chicago than on the local shipments to Buffalo or on the through shipments to points between Buffalo and Chicago. The service at Buffalo is the same as to coal hauled to Buffalo consigned to Chicago at the proportional charge of \$1.75 as to coal hauled to Buffalo consigned to points west in Ohio, Indiana,

and Michigan. The Pennsylvania Railroad Company and its affiliated line, the Pennsylvania Company, hereinafter referred to as the Pennsylvania, publishes no through rate via its Buffalo route. The Erie Railroad Company and the Chicago & Erie Railroad Company, operating jointly, hereinafter together referred to as the Erie, maintain only one rate to Buffalo, which is \$2, regardless of the destination of the shipment all rail. The Erie, since this proceeding was begun, established through rates of \$3.50 from the mines to Chicago and \$4 from the mines to East St. Louis and St. Louis via Buffalo and the Niagara frontier, not having heretofore published such a rate, but expects to file a tariff increasing these rates to \$3.75 and \$4.25, respectively, in line with the general policy of respondents as disclosed on this record. The mean distance from the mines to Buffalo on the Erie Railroad is about 288 miles. From Buffalo to Chicago the short-line distance on that railroad is about 550 miles.

The record deals primarily with Chicago conditions and the rates to Chicago, because the protestants who appeared at the hearing were coal dealers either at Chicago or at points to which the rate is a combination of the rate to Chicago and the rate from Chicago to the place of destination.

The entire increase of 25 cents is apportioned as compensation for that part of the through haul between the mines and Buffalo on shipments via Buffalo on the lines running to Buffalo, so that on such shipments carriers will receive no increase for that part of the through haul between Buffalo and the named points of destination, and the rate to Buffalo will be uniformly \$2, regardless of the destination of the shipments. But as to shipments moving west, not via Buffalo, over the Erie or Pennsylvania railroads, which extend by their own rails from the mines to Chicago, the increase is necessarily apportioned over the entire mileage from the mines to Chicago.

Respondents assert that they have proposed the increased rates in view of a complaint that certain discriminations against dealers in and consumers of anthracite coal in Ohio, Indiana, and Michigan have been created by the effective rates. Protestants admit the existence of the alleged discrimination, but insist that the only proper way to remove it is by a reduction of the rates to points in Ohio, Indiana, and Michigan, as to which it is alleged that the Chicago rate is unjustly discriminatory, it being urged that the increased rates are unreasonably high.

This issue is determined by our finding in the *Rates for Transportation of Anthracite Coal, supra*, where a rate of \$2 per gross ton was found to be reasonable for the haul from the mines to Buffalo. Nothing has been made to appear here that would warrant our requiring the trunk-line carriers to accept less revenue on the trans-

portation here involved than they receive on like transportation to the intermediate points in Ohio, Indiana, and Michigan. Whether or not the rates under consideration are properly divided between the carriers east of Buffalo and those west thereof is a matter not raised on this record.

The rates here involved have been justified.

35 I. C. C.

CASES DISPOSED OF BY THE COMMISSION WITHOUT PRINTED REPORT DURING THE TIME COVERED BY THIS VOLUME.

3628. **MEDFORD TRAFFIC BUREAU v. S. P. Co.** Rates on various articles from San Francisco, Cal., to Medford, Oreg. *F. H. McCune* for complainant. *W. D. Fenton* for defendant. *W. R. Wheeler* for interveners. Dismissed on request of complainant, July 17, 1915.

3832. **PALMER & Co. et al. v. A., T. & S. F. RY. Co. et al.** Rates on lemons from California to Sioux City, Iowa. *G. T. Bell* for complainants. *J. B. Sheean, E. E. Whitted, J. M. Cates, R. Dunlap, T. J. Norton, R. B. Scott, C. C. Wright, E. M. Hyzer, F. C. Dillard, P. F. Dunne, G. D. Squires,* and *A. S. Halsted* for defendants. Complaint satisfied. Dismissed July 16, 1915.

5330. **FULLERTON LUMBER Co. v. A. C. R. R. Co. et al.** Rates on lumber and articles taking same rates from points in Missouri, Arkansas, Texas, Louisiana, Mississippi, and other states to points in Iowa. *E. B. Curtis* for complainant. *H. A. Scandrett* and others for defendants. Dismissed on request of complainant, July 17, 1915.

6531. **CRANE FALLS POWER & IRRIGATION Co., LTD., v. O. S. L. R. R. Co.** Demurrage and storage charges on four cars of steel pipe at Mountain Home, Idaho. *J. H. Richards* for complainant. *H. A. Scandrett* for defendant. Dismissed on request of complainant, July 17, 1915.

7423. **HUGH MCLEAN LUMBER Co. v. H. V. RY. Co. et al.** Rate on lumber from Delaware, Ohio, to Buffalo Junction, N. Y. No appearance for complainant. *H. D. Palmer, F. C. Amos,* and *H. Q. Wasson* for defendants. Dismissed for want of prosecution, July 17, 1915.

7477. **WHARTON SYRUP Co. v. M. L. & T. R. R. & S. S. Co. et al.** Rate on returned shipments of syrup from New Orleans, La., to Wharton, Tex. No appearance for complainant. *J. H. Tallichet* and *J. R. Christian* for defendants. Dismissed for want of prosecution, July 17, 1915.

7533. **GENERAL CHEMICAL Co. v. C. & E. I. R. R. Co. et al.** Rate on sulphate of alumina from East St. Louis, Ill., to Merrill, Wis. *J. D. Ross* for complainant. *O. W. Dynes* and *C. B. Cardy* for defendants. Transferred to special docket for adjustment, July 28, 1915.

7689. **FAMECHON Co. et al. v. G. N. RY. Co. et al.** Rental charges on insulated cars used for transporting potatoes. *G. P. Boyle* for complainants. *J. F. Finerty, P. B. Beidleman,* and *S. R. Capron* for defendants. Dismissed without prejudice on request of complainants, July 17, 1915.

7741. **BROOKS COAL Co. v. C., R. I. & P. RY. Co. et al.** Rates on salt from Hutchinson and Kanapolis, Kans., to points in Nebraska. *T. J. Doyle* for complainant. *W. H. Jones, A. F. Cleveland, H. L. McReynolds,* and *C. Frankenberg* for defendants. Dismissed on request of complainant, July 17, 1915.

7778. **MORELAND MOTOR TRUCK Co. v. S. P., L. A. & S. L. R. R. Co. et al.** Rate on motor truck transmissions and parts, l. c. l. from Syracuse, N. Y., to Los Angeles, Cal. *O. T. Helping, J. E. Helping,* and *H. O. Tucker* for complainant. *E. W. Camp* for defendants. Dismissed on request of complainant, July 17, 1915.

7844. CHAMBER OF COMMERCE OF MILWAUKEE v. O., M. & ST. P. RY. CO. et al. Switching charges on grain, grain products, and seeds at Milwaukee. *G. A. Schroeder* for complainant. *O. W. Dynes, C. A. Lahey, and A. F. Cleveland* for defendants. Dismissed without prejudice on request of complainant, July 17, 1915.

7909. WATERLOO REGISTER CO. v. C. & N. W. RY. CO. et al. Rates on furnace pipe and fittings from Chicago, Ill., to Waterloo, Iowa. *F. W. Knoche* for complainant. *A. F. Cleveland* for defendants. Dismissed on request of complainant, July 28, 1915.

8054. FREIGHT BUREAU, CHAMBER OF COMMERCE, MACON, GA., v. C. OF G. RY. CO. et al. Rate on sheet steel from New York City to Macon, Ga. *B. Gilman* for complainant. Dismissed on request of complainant, July 17, 1915.

35 L. C. C.

REPARATION CASES DISPOSED OF BY THE COMMISSION IN FORMAL BUT UNREPORTED DECISIONS DURING THE TIME COVERED BY THIS VOLUME.

7262. **WENONA COAL CO. v. C. M. & ST. P. RY. CO. ET AL.** Unjustly discriminatory rates on coal from Wenona, Ill., to interstate points. *F. Crozier* for complainant. *O. W. Dynes, R. C. Sanders, and C. W. Galligan* for defendants. June 28, 1915. No reparation.

I. & S. 611. **CLASSIFICATION OF RUGS.** Proposed change not justified. *R. C. Fyfe* for respondents. *R. D. Sangster, E. J. McVann, P. R. Wigton, C. M. Hanaway, A. F. Versen, and H. G. Krake* for protestants. June 29, 1915. No reparation.

7512. **CONNERS-WEYMAN STEEL CO. v. S. A. L. RY. ET AL.** Unreasonable rates on cotton-tie buckles from Atlanta, Ga., to Helena, Ark. *J. T. Slatter* for complainant. No appearance for defendants. July 3, 1915. Reparation for \$119.34.

7483. **INTERIOR LUMBER CO. v. S. RY. CO. ET AL.** Failure to permit reconsignment of lumber at Potomac Yard, Va. *J. G. Criste* for complainant. *C. B. Northrop and A. M. Bull* for S. Ry. Co. July 3, 1915. Reparation for \$102.25.

7478. **MILLER MFG. CO. v. B. & O. R. R. CO. ET AL.** (One other case.) Unreasonable rates on wooden tent pins from Hicksville, Ohio, to Chicago, St. Louis, and Mississippi River crossings. *R. B. Coapstick* for complainants. *F. F. Frasier and W. C. Coleman* for defendants. July 3, 1915. Reparation to be awarded on furnishing proof.

7467. **SAN DIEGO & ARIZONA RY. CO. v. S. P. CO.** Unreasonable rates on rails from Los Angeles, Cal., to El Centro, Cal. *R. G. Dilworth* for complainant. *C. W. Durbrow* for defendant. July 3, 1915. Reparation for \$297.96.

7443. **ROGERS WHITE LIME CO. v. ST. L. & S. F. R. R. CO. ET AL.** Unreasonable rates on lime from Monte Ne, Ark., to interstate destinations. *D. Rice* for complainant. *R. C. Hobbs, T. Bond, A. A. Hurd, and B. F. E. Marsh* for defendants. July 8, 1915. No reparation.

7442. **ROBINSON CLAY PRODUCT CO. v. PENNSYLVANIA CO. ET AL.** Unreasonable rates on fire brick from Parral, Ohio, to Raleigh, N. C. *A. Hill* for complainant. *L. E. Hinkle and R. W. Moore* for defendants. July 3, 1915. Reparation for \$40.

7435. **CARROLL v. G. N. RY. CO.** Rates on piling from Superior, Wis., to Minot, N. Dak. *P. S. Johnson* for complainant. *J. F. Finerty* for defendant. July 8, 1915. Complaint dismissed.

7376. **REEVES COAL CO. v. L. & N. R. R. CO. ET AL.** Demurrage charges on coal at Frankfort, Mich., not found unreasonable. *S. B. Houck* for complainant. *L. R. Allison and C. P. Stewart* for defendants. July 3, 1915. Complaint dismissed.

7367. **ARIZONA BREWING CO. v. C., M. & ST. P. RY. CO. ET AL.** Malt rates from Minneapolis, Minn., to Prescott, Ariz., not found unreasonable. *H. T. Andrews* for complainant. *R. Dunlap, T. J. Norton, and O. W. Dynes* for defendants. July 3, 1915. Complaint dismissed.

7346. **BULKLEY & CO. v. P. CO. ET AL.** Failure to allow dunnage on automobiles shipped from Ardmore, Pa., to Los Angeles, Cal. *J. E. Helping* for complainant. *E. W. Camp* for defendants. July 3, 1915. Complaint dismissed.

7339. *WATTERS v. C., R. I. & P. Ry. Co.* Failure to apply rule in regard to furnishing single-deck cars instead of double-deck cars. *W. E. Reed* and *A. F. Styler* for complainant. *H. L. McReynolds* for defendant. July 8, 1915. Reparation to be awarded on furnishing proof.

7337. *GUND BREWING Co. v. C., B. & Q. R. R. Co. ET AL.* Beer rates from La Crosse, Wis., to Fort Dodge, Iowa, not found unreasonable. *G. M. Stephen* for complainant. *L. C. Mahoney* and *F. S. Hollands* for defendants. July 3, 1915. Complaint dismissed.

7292. *STANDARD LUMBER Co. v. A., B. & A. R. R. Co. ET AL.* Lumber rates from Bruce, Ala., to Winchester, Ky., not found unreasonable. *M. F. Smith* for complainant. *J. E. Tilford* for defendants. July 3, 1915. Complaint dismissed.

7279. *HINTON BROS. LUMBER Co. v. A. & M. R. R. Co. ET AL.* Rates on log-skidder outfit from Leaksville, Miss., to Lumberton, Miss., not found unreasonable. *W. N. Webb* for complainant. *F. W. Gwathmey* for defendants. July 3, 1915. Reparation for \$23.28, on account of overcharge.

7210. *DEWEY BROS. Co. v. P., C. C. & St. L. Ry. Co. ET AL.* Rates on distiller's dried grain from Madison, Ind., to Rock Creek, Ohio, found unreasonable; but rates on said grain from Madison to Chardon, Ohio, not found unreasonable. *L. W. Dewey* for complainant. *L. E. Hinkle* and *O. S. Lewis* for defendants. July 3, 1915. Reparation for \$10.25.

7155. *LEWIS MFG. Co. v. WAB. R. R. Co. ET AL.* Unreasonable rates on petroleum tar from Des Moines, Iowa, to Kansas City, Mo. *C. C. Bulger* for complainant. *E. S. Macken* and *E. R. Neuman* for defendants. July 3, 1915. Reparation for \$142.66.

7182. *CAIRO MILLING Co. v. M. & O. R. R. Co.* Rates on blackstrap molasses from Mobile, Ala., to Cairo, Ill., not found unreasonable. *J. B. Wenger* for complainant. *F. Barter* for intervenor. *W. H. Grumley* for defendant. July 3, 1915. Complaint dismissed.

7168. *PFEISTER & VOGEL LEATHER Co. v. P. Co. ET AL.* (Five other cases.) Rates on mangrove bark, myrobalans, and quebracho bark extract from New York and Philadelphia to Cheboygan, Mich., not found unreasonable. *A. B. Caswell* for complainant. *E. S. Ballard* and *E. F. Bilo* for defendants. July 3, 1915. Complaints dismissed.

7148. *SMITH HIDE Co. v. S. A. & A. P. Ry. Co. ET AL.* (Six other cases.) Unreasonable rates on hides from Fort Worth, Tex., and Enid, Okla., to St. Joseph, Mo. *H. G. Krake* for complainants. *T. J. Norton*, *A. A. Hurd*, *W. F. Dickinson*, and *F. G. Wright* for defendants. July 8, 1915. Reparation to be awarded on furnishing proof.

7144. *RADINSKY v. C. & S. Ry. Co.* Unreasonable rates on junk from Cheyenne, Wyo., to Denver, Colo. *A. L. Vogl* for complainant. *R. C. Fyfe*, *A. S. Brooks*, and *George Williams* for defendant. July 8, 1915. Reparation for \$61.85.

7137. *BEAR CREEK COAL Co. v. C., M. & St. P. Ry. Co. ET AL.* Unjustly discriminatory rates on coal screenings from Bear Creek, Mont., to Metairie Falls, Wash. *O. W. Tong* for complainant. *W. D. Keeley* and *C. Resch* for defendants. July 7, 1915. No reparation.

7126. *SANGUINETTI v. U. P. R. R. Co. ET AL.* Misrouting of potatoes shipped from Masters, Colo., to Yuma, Ariz., not proved. *O. A. Wadin* for complainant. *G. D. Squires* for defendants. July 7, 1915. Complaint dismissed.

6749. *CRUIKSHANK & ROBINSON v. P. R. R. Co. ET AL.* Misrouting hay from points in Canada to Norfolk, Va. No appearances. July 7, 1915. Reparation to be awarded on furnishing proof.

6014. *CONDIE-NEALE GLASS Co. v. M. & O. R. R. Co. ET AL.* (One other case.) Unreasonable rule relative to shipment of plate glass from St. Louis, Mo., to Mobile, Ala. *C. H. Rodehaver* for complainant. *R. W. Moore*, *M. C. Hall*, and *J. L. Howell* for defendants. July 3, 1915. No reparation.

5982. LINDSAY-WALKER CO. ET AL. v. C., B. & Q. R. R. Co. ET AL. Unreasonable potato rates from points in Montana to Sheridan, Wyo. *O. W. Tong* and *L. M. Tracy* for complainants. *Veasey & Veasey*, *E. M. Hall*, and *C. Donnelly* for defendants. July 7, 1915. Reparation to be awarded on furnishing proof.

5539. KROLL LUMBER CO. v. G. N. RY. Co. ET AL. Lumber rates from Kulzer, Wash., to Dickinson, N. Dak., not found unreasonable. *J. P. Dillard* and *R. J. Knott* for complainant. *C. S. Albert*, *T. C. Cannon*, and *J. F. Finerty, jr.*, for defendants. July 3, 1915. Complaint dismissed.

6998. DARRAGH CO. v. M. P. RY. Co. ET AL. Portion of Fourth Section Application No. 699. (One other case.) Cement rates from Iola, Kans., to Malvern and Walco, Ark., not found unreasonable. Fourth section relief denied. *G. F. Williams* for complainants. *H. G. Herbel* and *F. G. Wright* for defendants. July 3, 1915. Complaints dismissed.

I. & S. 573. CEMENT PLASTER RATES. Proposed increase in rates not justified. *W. T. Hughes*, *K. F. Burgess*, and *L. C. Mahoney* for respondents. *W. D. Lindsay* for protestant. July 3, 1915. No reparation.

7460. OHIO VALLEY TIE CO. v. L. & N. R. R. Co. ET AL. (One other case.) Unreasonable rates on ties from points in Kentucky and Tennessee to Louisville, Ky., interstate points. *J. V. Norman* for complainant. *J. M. Dewberry* and *J. R. Skillman* for defendants. July 22, 1915. Reparation for \$5,178.09.

6838. BERGERMAN v. A., T. & S. F. RY. Co. ET AL. Unreasonable rates on overalls from Detroit, Mich., to Pueblo, Colo. *P. A. Gray* for complainant. No appearances for defendants. July 22, 1915. Overcharge refunded and complaint dismissed.

I. & S. 538. EXPORT RATES ON COTTONSEED MEAL AND CAKE. Proposed increase in rates not justified. *G. D. Squires* for respondent. *R. B. Daniel* for protestant. July 22, 1915. No reparation.

7789. STEPHENS-ADAMSON MFG. CO. ET AL. v. A. G. S. R. R. Co. ET AL. Unreasonable rates on pig iron from points in Alabama to points in Illinois. *M. L. Hurd* for complainants. *K. F. Burgess*, *L. C. Mahoney*, *E. S. Ballard*, *W. W. Collin, jr.*, and *M. P. Callaway* for defendants. July 22, 1915. No reparation.

5333. EDWARDS v. G., C. & S. F. RY. Co. ET AL. Unreasonable rates on hay from points in Texas to points in Louisiana. *T. C. Edwards* for complainant. *J. S. Hershey*, *H. M. Garwood*, and *C. W. Owen* for defendants. July 22, 1915. Reparation to be awarded on furnishing proof.

I. & S. 590. CLASS RATES FROM MICHIGAN. Order of suspension to be vacated upon filing of tariff canceling suspended tariff. *R. P. Paterson* for respondents. *F. M. Cross* and *A. L. Chamberlain* for protestants. July 26, 1915. No reparation.

I. & S. 582. SHAFTING BILLETS. Respondents ordered to cancel proposed tariffs. *W. A. Parker* for respondents. *A. Charles* for protestants. *H. C. Crawford* for intervenor. July 27, 1915. No reparation.

I. & S. 589. LUMBER RATES. Schedules under suspension ordered canceled. *J. M. Cutler* and *J. H. Ketner* for respondents. *J. J. Earle* and *J. W. Shiver* for protestants. July 27, 1915. No reparation.

4198. EXPRESS RATES. Certain modifications made in prior order in regard to uniform rules, receipt, and classification of express matter. {*R. C. Alston*, *G. L. Shearer*, *E. M. Williams*, *W. W. Owens*, *T. B. Harrison*, *J. E. Cronin*, *E. E. Bush*, *B. P. Kerfoot*, *G. S. Lee*, and *F. G. Atry* for the express companies. *W. H. Chandler*, *H. Jackson*, and *J. W. Crismore* for certain shippers. July 30, 1915. No reparation.

I. & S. 534. PETROLEUM OIL. Proposed increase in rates not justified. *W. W. Miller* and *D. L. Meyers* for respondents. *G. P. Boyle* and *C. D. Chamberlain* for protestants. August 13, 1915. No reparation.

NOTE.—The amount of reparation awarded in above cases aggregates \$5,975.68.

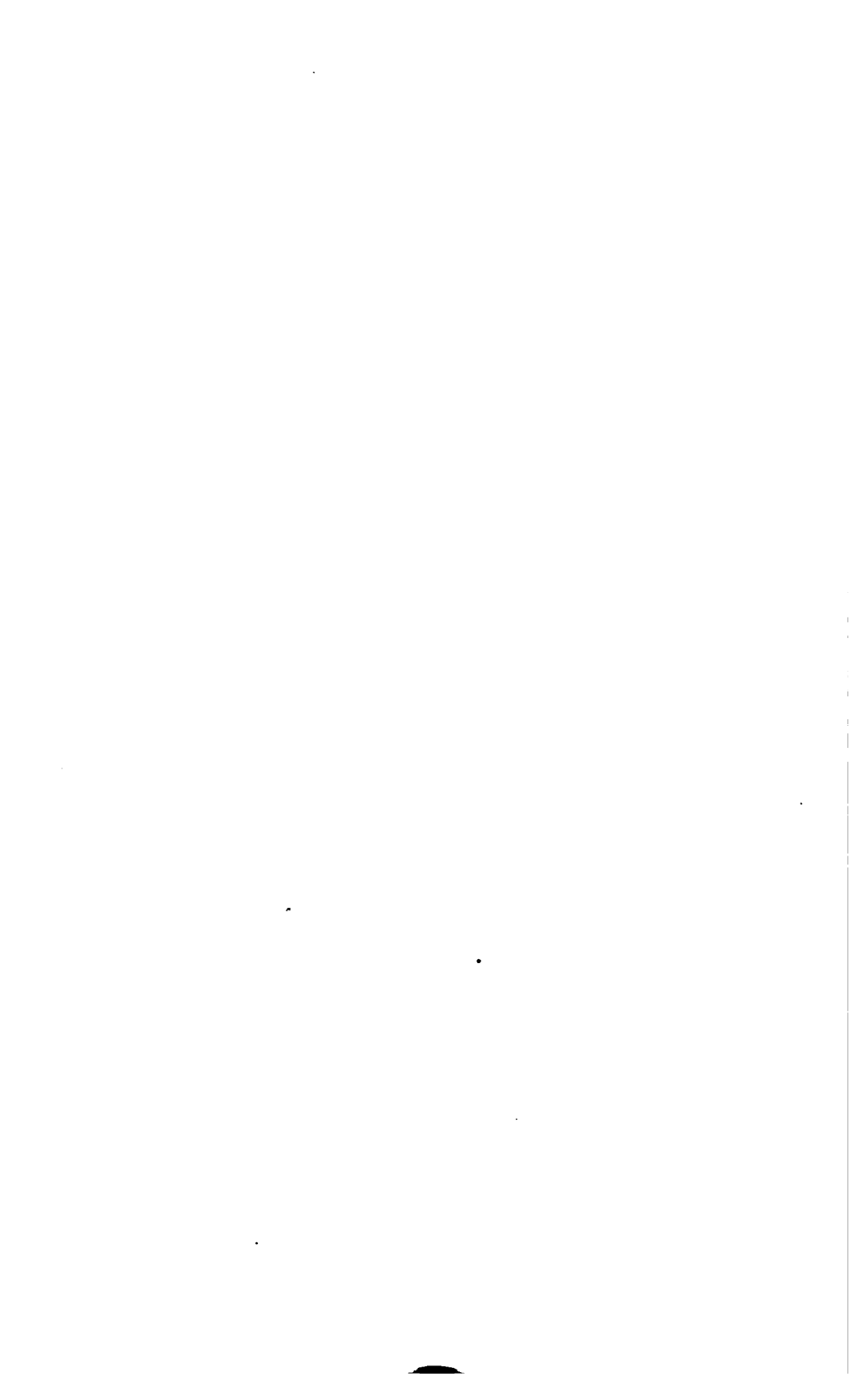


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REPARATION GRANTED UNDER SUPPLEMENTAL ORDERS OF THE COMMISSION DURING THE TIME COVERED BY THIS VOLUME.

6280. **BOISE LUMBER Co. v. P. & I. N. RY. Co. ET AL.** July 21, 1915. Reparation for \$6,058.61 on interstate shipments of saw logs from stations on the P. & I. N. Ry. in Idaho to Boise, Idaho, on account of unreasonable rates.

5527. **UNITED KANSAS PORTLAND CEMENT Co. ET AL. v. A., T. & S. F. RY. Co. ET AL.** July 23, 1915. Reparation for \$123.51 on shipments of wire bag ties from New York, N. Y., to Gas and Independence, Kans., and Dewey, Okla., on account of unreasonable rates.

6209. **PRITTMAN & HARRISON Co. v. ST. L., I. M. & S. R. Co. ET AL.** July 28, 1915. Reparation for \$127.08 on shipments of cats from points in northeastern Oklahoma to Kansas points, on account of unreasonable rates.

6286. **BERRY LUMBER & STAVE Co. v. A. G. S. R. R. Co.** July 28, 1915. Reparation for \$106.83 on shipments of oak logs from Cuba, Hull, and Birmingham, Ala., to Chattanooga, Tenn., on account of unreasonable rates.

6411. **SHAFFER & Co. v. I. C. R. R. Co.** July 28, 1915. Reparation for \$42.84 on shipments of corn moving from Jenkins, Ill., to Chicago, Ill., subsequently reconsigned to Buffalo, N. Y., on account of unreasonable rates.

6453. **O'CONNOR BRICK & TILE Co. v. S. A. L. RY. ET AL.** July 28, 1915. Reparation for \$619.62 on shipments of hollow fire proofing tile from Milledgeville, Ga., to Tampa and Orlando, Fla., on account of unreasonable rates.

6568. **TOPEKA PACKING Co. v. A., T. & S. F. RY. Co. ET AL.** July 28, 1915. Reparation for \$45.70 on shipments of eggs moving from Kansas points to South Topeka and North Topeka, Kans., and, after concentration at North Topeka, shipped to New York, N. Y., and Chicago, Ill., on account of unreasonable rates.

6674. **HARMON & Co. v. N. P. RY. Co.** 6674 (Sub-No. 1). **SAME v. N. & I. R. R. Co. ET AL.** July 28, 1915. Reparation for \$38.50 on shipments of rugs from Portland, Oreg., to Tacoma, Wash., and from Tacoma, Wash., to Grangeville and Nezperce, Idaho, on account of unreasonable rates.

6814. **SMITH & SON v. C. & N. W. RY. Co.** July 28, 1915. Reparation for \$71.30 on shipments of lumber trimmings from Odanah, Wis., to Clinton, Iowa, on account of unreasonable rates.

6860. **FULLERTON-POWELL HARDWOOD LUMBER Co. v. ST. L. & S. F. R. R. Co. ET AL.** July 28, 1915. Reparation for \$28.28 on shipment of hardwood lumber from Poplar Bluff, Mo., to Coffeyville, Kans., on account of unreasonable rate.

6934. **MILLER & Co. v. WAB. R. R. Co. ET AL.** July 28, 1915. Reparation for \$48.78 on shipment of apples from Carrollton, Mo., to Grand Rapids, Wis., on account of unreasonable rate.

6954. **ROYSTER GUANO Co. v. S. A. L. RY. ET AL.** July 28, 1915. Reparation for \$1,413.95 on shipments of phosphate rock from Nichols, Fla., to Macon, Ga., on account of unreasonable rates.

NOTE.—The amount of reparation awarded in above cases aggregates \$8,725.

TABLE OF COMMODITIES.

- Baggage.** Trunk line territory to and from southern and southeastern territories. Checking of, 157.
- Balusters.** Southern classification territory to various destinations, 150.
- Bananas.** Western classification territory, 497 (624).
- Bark, mangrove.** Atlantic ports to C. F. A. and trunk line territories. Classification, 175.
- Barley.** Western classification territory, 497 (613).
- Baseboards.** Southern classification territory to various destinations, 150.
- Berries.** Western classification territory, 497 (624).
- Blinds, glazed or unglazed.** Southern classification territory to various destinations, 150.
- Bran.** Western classification territory, 497 (513).
- Building material, wooden.** Southern classification territory to various destinations, 150.
- Butter:**
 Nebraska, Kansas, Oklahoma, Missouri, and Arkansas to Mississippi River crossings and Pacific coast terminals, 469.
 New York, N. Y. Lighterage and storage regulations, 47.
- Cabbage.** Western classification territory, 497 (627).
- Cake, cottonseed:**
 El Centro and Calexico, Cal., to El Paso and Galveston, Tex., 215.
 Oklahoma to Kansas, Missouri, Colorado, Nebraska, and Iowa, 94.
- Cantaloupes.** Western classification territory, 497 (626).
- Casings.** Southern classification territory to various destinations, 150.
- Cattle:**
 Colorado, New Mexico, Utah, Oregon, Wyoming, Montana, North Dakota, and South Dakota, to Chicago, Ill., and Missouri and Mississippi River points, 682.
 Western classification territory, 497 (578).
- Cattle, stock.** Western classification territory, 497 (578).
- Cement:**
 Cape Girardeau, Mo., to Arkansas, Louisiana, Mississippi, Kentucky, Tennessee, and Illinois, 109.
 Mitchell, Ind., to Kentucky junction points, 14.
- Chalk, crude.** Western classification territory, 497 (620).
- Cheese.** New York, N. Y. Lighterage and storage regulations, 47.
- Class rates.** Lebanon, Ky., to and from Louisville and Springfield, Ky., and Cincinnati, Ohio, 204.
- Clay.** Western classification territory, 497 (620).
- Coal, anthracite:**
 Pennsylvania mines to Chicago and Chicago rate points and East St. Louis and St. Louis, 702.
 Wyoming, Lehigh, and Schuylkill regions, Pennsylvania, to tidewater and interior points, 220.
- Coal, bituminous:**
 Alabama, Illinois, Kentucky, and Tennessee mines to Mississippi, Tennessee, Louisiana, Mississippi River crossings, and Mississippi Valley, 187.
- Oak Hills, Colo., to Kansas, Nebraska, and Missouri, 456.**
- Western classification territory, 497 (603).**

Coke:

Alabama, Illinois, Kentucky, and Tennessee to Mississippi, Tennessee, Louisiana, Mississippi River crossings, and Mississippi Valley, 187.

Joplin, Mo. Demurrage charges, 45.

- Western classification territory, 497 (603).

Columns, porch. Southern classification territory to various destinations, 150.

Cooperage stock. New York, N. Y. Lighterage and storage regulations, 47.

Corn:

Iowa to Leavenworth and Atchison, Kans., and Kansas City and St. Joseph, Mo., 69.

Minneapolis, Minn., from Iowa and Nebraska, reshipped to California, 172.

Corn, broom. Western classification territory, 497 (617).

Corn Meal. *See* Meal.

Cotton piece goods. Western classification territory, 497 (632).

Crockery. Western classification territory, 497 (620).

Dairy products. Nebraska, Kansas, Oklahoma, Missouri, and Arkansas to Pacific coast terminals and Mississippi River crossings. Concentration and storage, 469.

Doors, glazed or unglazed. Southern classification territory to various destinations, 150.

Eggs:

Nebraska, Kansas, Oklahoma, Missouri, and Arkansas to Mississippi River crossings and Pacific coast terminals, 469.

New York, N. Y. Lighterage and storage regulations, 47.

Explosives, high. Kingston and Port Ewen, N. Y., to Boston, Mass., and other New England points, 77.

Fertilizer. Western classification territory, 497 (590).

Fertilizer material. Western classification territory, 497 (590).

Flour. Western classification territory, 497 (613).

Frames, door. Southern classification territory to various destinations, 150.

Frames, window. Southern classification territory to various destinations, 150.

Fruit. Western classification territory, 497 (623).

Fuller's earth. Western classification territory, 497 (620).

Glass, polished wire. Morgantown, W. Va., to points in C. F. A. territory, 22.

Glass, roofing and floor. Morgantown, W. Va., to points in C. F. A. territory, 22.

Glass, window. Morgantown, W. Va., to points in C. F. A. territory, 22.

Glassware, common. Morgantown, W. Va., to points in C. F. A. territory, 22.

Glycerin, crude. Western classification territory, 497 (620).

Grain:

Atlanta and other Georgia points from Ohio and Mississippi River crossings. Rebilling privileges, 477.

East St. Louis, Ill., to Carolina and southeastern territories, milled in transit at Lawrenceburg, Ind., 27.

Western classification territory, 497 (613).

Grain, malt. Western classification territory, 497 (613).

Grain products:

Atlanta and other Georgia points from Ohio and Mississippi River crossings. Rebilling privileges, 477.

Western classification territory, 497 (613).

Grapes. Western classification territory, 497 (624).

Grits, hominy. Western classification territory, 497 (613).

Hay:

Atlanta and other Georgia points from Ohio and Mississippi River crossings. Rebilling privileges, 477.

Western classification territory, 497 (629).

- Hemp.** Western classification territory, 497 (680).
- Hides, green salted.** Western classification territory, 497 (590).
- Hogs.** Western classification territory, 497 (578).
- Hominy.** Western classification territory, 497 (613).
- Horses.** Western classification territory, 497 (578).
- Hulls, cottonseed:**
 Galveston, Tex., from El Centro and Calexico, Cal., 215.
 Oklahoma to Kansas, Missouri, Colorado, Nebraska, and Iowa, 94.
- Ice.** Pennsylvania and New Jersey to Long Branch and other New Jersey points, 73.
- Inkstands.** Morgantown, W. Va., to points in C. F. A. territory, 22.
- Ink wells.** Morgantown, W. Va., to points in C. F. A. territory, 22.
- Iron articles.** New York, N. Y. Lighterage and storage regulations, 47.
- Iron, pig.** Alabama and Tennessee to C. F. A., trunk line and New England territories, and Ohio River crossings, 460.
- Laths.** Southern classification territory to various destinations, 150.
- Lead.** Western classification territory, 497 (620).
- Lettuce.** Western classification territory, 497 (626).
- Live stock:**
 Colorado, New Mexico, Utah, Oregon, Wyoming, Montana, North Dakota and South Dakota, to Chicago, Ill., and Missouri and Mississippi River points, 682.
 Western classification territory, 497 (578).
- Logs.** Chattanooga, Tenn., from various points, 163.
- Logs, low-grade cedar:**
 Atlanta, Ga., from Alabama and Tennessee, 86.
 Atlanta, Ga., from Wauhatchie, Tenn., and points in Alabama and Georgia, 90.
- Logs, walnut.** Des Moines, Iowa, to Norfolk and Newport News, Va., for export, 182.
- Lumber:**
 Arkansas to Louisville, Ky., Cincinnati, Ohio, and Evansville, Ind., 179.
 New York, N. Y. Lighterage and storage regulations, 47.
- Lumber, dressed.** Southern classification territory to various destinations, 150.
- Lumber, rough.** Southern classification territory to various destinations, 150.
- Lumber, walnut.** Des Moines, Iowa, to points east of Illinois-Indiana State line and Norfolk and Newport News, Va., 182.
- Lumber, yellow-pine.** Louisiana, Texas, Arkansas, and Missouri to Kansas, Nebraska, Colorado, and Wyoming, 38.
- Magnesite.** Western classification territory, 497 (620).
- Meal, brewers'.** Western classification territory, 497 (613).
- Meal, corn.** Western classification territory, 497 (613).
- Meal, cottonseed:**
 El Centro and Calexico, Cal., to El Paso and Galveston, Tex., 215.
 Oklahoma to Kansas, Missouri, Colorado, Nebraska, and Iowa, 94.
- Meats, fresh.** Western classification territory, 497 (590).
- Melons.** Western classification territory, 497 (625).
- Molding, carpenters'.** Southern classification territory to various destinations, 150.
- Myrobalans.** Atlantic ports to C. F. A. and trunk line territories. Classification, 175.
- Newells.** Southern classification territory to various destinations, 150.
- Oatmeal.** Western classification territory, 497 (613).
- Oats.** Iowa to Leavenworth and Atchison, Kans., and Kansas City and St. Joseph, Mo., 69.
- Oats, rolled.** Western classification territory, 497 (613).
- Oil, cottonseed.** Oklahoma to Kansas City, Mo., 94.
- Onions.** Western classification territory, 497 (626).
- Ore and concentrates.** Baker, Oreg., to Tacoma, Wash., 42.

- Packing-house products. Western classification territory, 497 (536).
 Peaches. Western classification territory, 497 (625).
 Pears. Western classification territory, 497 (625).
 Pillow cases. Western classification territory, 497 (636).
 Plums. Western classification territory, 497 (625).
 Poles, telegraph. New York, N. Y. Lighterage and storage regulations, 47.
 Porch columns. *See* Columns.
 Potatoes. Western classification territory, 497 (627).
 Poultry. Nebraska, Kansas, Oklahoma, Missouri, and Arkansas to Mississippi River crossings and Pacific coast terminals, 469.
 Poultry, dressed. New York, N. Y. Lighterage and storage regulations, 47.
 Rice. Western classification territory, 497 (611).
 Rice, brewers'. Western classification territory, 497 (612).
 Rye. Western classification territory, 497 (613).
 Rye, flaked. Western classification territory, 497 (613).
 Sash, glazed or unglazed. Southern classification territory to various destinations, 150.
 Scroll work. Southern classification territory to various destinations, 150.
 Shades, lamp. Morgantown, W. Va., to points in C. F. A. territory, 22.
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ABSORPTION.

Of inbound switching charges at Louisville or Cincinnati. Rates on Grain Milled in Transit, 27 (30).

Rule 10 (e) of Tariff Circular 18-A has been followed in publishing tariff under which switching charges at Tacoma are absorbed by defendant. *Columbia Gold Mining Co. v. O.-W. R. & N. Co.*, 42 (44).

Of switching charges involved. Drain Tile from Illinois Points, 83 (85).

Certain carriers absorb the bridge arbitrary and switching charge on traffic transported across either Merchants' or Eads bridge. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (120).

Switching charge absorbed by Moffat road in delivering coal to Rock Island road. Coal Rates from Oak Hills, Colo., 456 (459).

Southern lines required to absorb a bridge charge at Louisville and bear expense incident to crossing the river at other gateways. *Gloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (466).

ACCIDENTS. *See* INTERSTATE COMMERCE.

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Change in accounting may alter the operating ratio. *Id.* (506).

Table 10 showing effect of accounting for depreciation on operating ratio, 23 representative roads: 1908-1914. *Id.* (519).

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Rule 10 (e) of Tariff Circular 18-A, cited. *Columbia Gold Mining Co. v. O.-W. R. & N. Co.* 42 (44).

ADVANCE IN RATES.

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- Cancellation of a joint rate on ore and concentrates from Baker, Oreg., through Portland to Tacoma, leaving applicable a combination rate, justified. Columbia Gold Mining Co. v. O.-W. R. & N. Co., 42.
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- Proposed increases in carload rates on ice from points in New Jersey and eastern Pennsylvania found not justified; and that their object was to eliminate fourth section departures does not establish the reasonableness thereof. Ice Rates to Long Branch, 73 (75).
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- Burden of justifying increased charges is as much upon carriers as though it were proposed to advance a particular rate; but may be sustained by showing that proposed charges are proper for service performed. Regulations as to Storage of Dairy Products, 469 (471).
- Upon consideration of operating results and financial conditions, etc., of western carriers, proposed increased rates and minima justified only in part. 1915 Western Rate Advance Case, 497.
- Commission stands as a tribunal to judge in the light of all the circumstances of the reasonableness, propriety, and nondiscriminatory character of increased rates. Id. (562).
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Described. The anthracite coal-producing fields are divided into three trade regions. *Appendix. Rates for Transportation of Anthracite Coal, 220 (292, 293).*

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Rates for Transportation of Anthracite Coal, 220 (261). 1915 Western Rate Advance Case, 497 (641).

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Distance to common market points from Mitchell, Ind. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (21).

Short-line distances and rates on glass and glassware from points in Morgantown, Clarksburg, and Pittsburgh districts. Athens Glass Co. v. B. & O. R. R. Co., 22 (23-25).

Distance and revenues per ton-mile from Kingston and Port Ewen, N. Y., to Boston, Mass., considered. Nitro Powder Co. v. West Shore R. R. Co., 77 (78).

Comparative per car, car-mile, and ton-mile earnings based on an average carload of 39,000 lbs. Drain Tile from Illinois Points, 83 (84).

Distance and ton-mile earnings from Tennessee, Georgia, and Alabama points to Atlanta, Ga. Nebraska Bridge Supply & Lumber Co. v. A. G. S. R. R. Co. 90 (91).

Distance, load per car, earnings, revenue, and haul for cottonseed oil from Oklahoma, considered. Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co., 94.

Distance, haul, ton-mile earnings, etc., considered in determining reasonableness of rates. Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 109.

Weight, revenue per car and per car-mile, and value of logs and other commodities for an average haul of 215 miles, considered. Chattanooga Log Rates, 163 (168).

Hauls, carload weight, and revenue per car considered. National Asso. of Tanners v. L. V. R. R. Co., 175 (177).

Haul, and car-mile, train-mile, and ton-mile earnings considered. Coal and Coke Rates in the Southeast, 187 (191, 193).

Distance from Alabama mines, and from Illinois and Kentucky mines to Memphis is 233 and 268 miles, respectively. Id. (197).

Weight, earnings, and car-mile revenue on cottonseed meal and cake from El Centro and Calexico, Cal., to Galveston and El Paso. Imperial Valley Cotton Co. v. S. P. Co., 215 (217).

Revenue per ton (2,000 pounds) per mile for all anthracite coal transported by initial carriers during the year ended June 30, 1913. Rates for Transportation of Anthracite Coal, 220 (257).

Revenue per loaded car-mile, load per car, and loading, considered. Id. (257).

Revenue per loaded car-mile on coal compared with that on various commodities reported by 69 carriers in the *Five Per Cent case*, and with that earned on all freight traffic of 19 carriers for year ended June 30, 1913. Id. (258).

Various comparisons of revenue per car-mile, per train-mile, and per ton-mile. Id. (260).

Distance all commodities are hauled on line of one carrier is not representative of actual distance specific commodities included in that average are hauled. Id. (260).

Tonnage per train and average production each day. Id. (261).

Operating revenue per mile of line of representative carriers. Id. (275).

Loading per carload of anthracite coal. *Appendix*. Id. (343).

AVERAGES—Continued.

Haul and division of through rates via direct Ohio River gateways prior to October 1, 1914. *Gloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (466, 467).

Loading and earnings for various roads on grain and grain products and other commodities. 1915 Western Rate Advance Case, 497 (570).

Loading of fresh meat and packing-house products shown. *Id.* (594).

Weighted haul, revenue per net and gross ton-mile, and average load, etc., for coal traffic shown. *Id.* (604).

Haul and earnings on broom corn and other commodities. *Id.* (618).

Revenue per net ton-mile, per gross ton-mile, and per car-mile, average load and distance haul for hay and all carload freight, six roads, 1914. *Id.* (630).

Car-mile earnings on live stock and various other commodities compared. Live-Stock Rates from Colorado Points to Omaha, 682 (686).

BAGGAGE. *See also* PASSENGERS.

Proposed rules prohibiting through checking of baggage, etc., on combination tickets found not justified. Rules and Regulations Governing Checking of Baggage, 157.

BALANCE SHEETS.

Balance sheets of the large coal companies. *Appendix.* Rates for Transportation of Anthracite Coal, 220 (373-376).

BARGE LINES. *See also* LIGHTERAGE.

Competition of, caused exceptional rates. Lumber Rates from Wilson, Ark., to Cincinnati, Ohio, 179 (180).

Barges on which coal is brought down rivers to Mobile are unsuited for use in Gulf of Mexico, and coal must be unloaded into ocean-going vessels. Coal and Coke Rates in the Southeast, 187 (194).

BARRIER.

Ohio River not a barrier to the free movement of traffic to and from territory on either side thereof. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (17).

BASIS OF RATES. *See* RATE MAKING.

BELT RAILWAY DELIVERY. *See* TERMINAL DELIVERY.

BETTERMENTS.

Unproductive betterments. For such purposes a railroad, no doubt, is justified in accumulating a reasonable amount of surplus. Rates for Transportation of Anthracite Coal, 220 (270, 271).

Table showing provision for additions and betterments, new lines, etc., by respondents' income and surplus. *Appendix.* *Id.* (339).

BLANKET RATES.

Rates on logs and lumber from producing territory involved to Atlanta are blanketed. *Nebraska Bridge Supply & Lumber Co. v. A. G. S. R. R. Co.*, 90 (92).

On no other commodities produced in Oklahoma are the rates blanketed so extensively as on cottonseed products. *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (97).

On cottonseed products from Oklahoma are unreasonable and unduly prejudicial. *Id.* (107).

Illinois commission limits extent of blanket adjustments. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (124).

Record suggests no reason for blanketing rates over such long distances. *Chattanooga Log Rates*, 163 (171).

Generally speaking, all collieries on lines of any one of the initial carriers in each region are covered by blanket rates to a particular destination. Rates for Transportation of Anthracite Coal, 220 (226).

BLANKET RATES—Continued.

Important groups of destinations via any given line are frequently blanketed. Id. (226).

Generally rates from Louisiana, Texas, and Arkansas points other than gulf ports are blanketed. 1915 Western Rate Advance Case, 497 (612).

It appears that the all-rail commodity rates are generally blanketed over the peninsula. Steamer Lines on Chesapeake Bay, 692 (700).

BOAT LINES. See also WATER CARRIERS.

Applications of the Pennsylvania Railroad Company and its subsidiaries to continue operation of steamer lines between Baltimore and the eastern shore denied except as to those operating between Baltimore and Claiborne and Love Point, respectively, which are necessary extensions of rail lines of their directly owning carriers. Steamer Lines on Chesapeake Bay, 692.

History of steamer lines owned by Pennsylvania lines. Id. (697).

Continued operation of the Patuxent, Potomac, Rappahannock, and Piankatsank river lines not found to be in violation of section 5. Id. (701).

BONDS. See also STOCKS AND BONDS.

Carriers are guarantors of bonds of coal companies. Rates for Transportation of Anthracite Coal, 220 (284).

Table 18, showing average yields of bonds of railways and other industries: 1900-1914. 1915 Western Rate Advance Case, 497 (531).

Bonds may remain but slightly affected in price so long as net income of carriers easily covers bond interest. Id. (533).

BOOK COST.

Returns on book cost of property discussed. 1915 Western Rate Advance Case, 497 (522).

BOTH DIRECTIONS.

Rates said to have been made unusually low to draw a movement of cement westbound. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (21). It is stated that eastbound l. c. l. shipments can be handled without extra service necessary on westbound traffic. Lighterage and Storage Regulations at New York, 47 (63).

St. Louis is a deliberately favored point with respect to cement rates as is evidenced by the adjustment northbound as well as southbound. Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 109 (114).

BOUNDARY.

Ohio River the physical boundary between c. f. a. and southern territories. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (17).

BRANCH LINES.

A branch line crossing a competitive road at right angles to the course of traffic must meet the rate of the intersected road and must usually maintain the same rate at points intermediate to the junction point with its own line. 1915 Western Rate Advance Case, 497 (569).

BREACH OF CONTRACT. See CONTRACT.**BREAKING POINTS.**

The Ohio River being the physical boundary between c. f. a. territory and southern classification territory, its crossings became the breaking points for all interterritorial rates. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (17).

BRIDGE TOLL. See also ABSORPTION.

A bridge arbitrary of 1 cent per 100 pounds per loaded car of cement is ample. Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 109 (121).

Rates to Memphis of lines west of the Mississippi River include a bridge toll. Chattanooga Log Rates, 163 (166).

BRIDGE TOLL—Continued.

Bridge charge taken into account in fixing divisions between carriers north and south of the Ohio River. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (466).

BRIDGES.

Merchants, Eads, and Thebes bridges discussed. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (120, 121).

At Louisville are practically controlled by northern lines, and those at Cincinnati and Evansville are owned by southern lines. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (465).

BULKY ARTICLES. *See* LIGHTERAGE; MINIMUM CHARGE; STORAGE.

BUNKER COAL.

Rates proposed for coal for bunker use are made dependent upon the use to which the coal is to be put and are therefore unlawful. *Coal and Coke Rates in the Southeast*, 187 (202).

BURDEN OF PROOF.

Burden of justifying increased charges may be sustained by showing that rates applicable upon cancellation or readjustment are proper charges for service performed. *Regulations as to Storage of Dairy Products*, 469 (471).

BURDEN OF TRANSPORTATION.

It is not shown whether both intrastate and interstate live stock traffic bear their just proportion of the transportation burden and question can not be determined here. *1915 Western Rate Advance Case*, 497 (589).

CAPITAL. *See also* FINANCIAL AID.

Borrowed by carriers not only for transportation needs but also to assist their controlled coal companies. *Rates for Transportation of Anthracite Coal*, 220 (284).

CAPITAL STOCK. *See also* STOCKS AND BONDS.

Statement showing capital stock outstanding as of June 30 of 1904, 1908, and 1913; coal carriers. *Appendix. Rates for Transportation of Anthracite Coal*, 220 (336).

CAPITALIZATION. *See* STOCKS AND BONDS.**CAR.**

A consignee of freight has no legal right to use a car as a warehouse or storage plant. *Milwaukee Produce & Fruit Exchange v. C. & N. W. Ry. Co.*, 33 (35).

CAR DETENTION.

Average time per trip of cars used in log traffic is probably not less than seven days. *Chattanooga Log Rates*, 163 (167).

CAR FITTING. *See* DUNNAGE.**CAR-FLOAT SERVICE.** *See also* LOADING AND UNLOADING.

At New York described. *Lighterage and Storage Regulations at New York*, 47 (50-51).

CARLOAD AND LESS THAN CARLOAD.

Rates on glass articles and glassware from Morgantown, W. Va., found unjustly discriminatory and readjustment prescribed. *Athens Glass Co. v. B. & O. R. R. Co.*, 22.

Normally the rates on high explosives in carloads should not exceed rates on articles taking first class, while l. c. l. rates should not exceed double first class. *Nitro Powder Co. v. West Shore R. R. Co.*, 77 (79).

Proposed application of less-than-carload rates upon less-than-carload shipments and carload rates upon concentration carload lots from concentration points justified. *Regulations as to Storage of Dairy Products*, 469 (474).

Cancellation of less-than-carload commodity rates on clean rice, many of which are paper rates, justified. *1915 Western Rate Advance Case*, 497 (616).

CAR-MILE EARNINGS. *See AVERAGES; EARNINGS.*

CARRIER. *See DUTY OF CARRIER.*

CHARACTERISTICS OF COMMODITY.

Method of shipping, load per car, value, and liability to damage or loss of mangrove bark, myrobalans, valonia, etc. *National Asso. of Tanners v. L. V. R. R. Co.*, 175 (177).

CHARTERS.

Authorized D., L. & W. R. R. Co. to hold 1,000 acres of coal lands, and D. & H. Co., 5,200 acres. Rates for Transportation of Anthracite Coal, 220 (249, 252).

Corporate charters and contracts, as used by carriers, are merely devices whereby the business of mining, transporting, and selling the coal production of each carrier and its coal company are united under one management and directed and controlled by one paramount power. *Id.* (255).

CHECKING BAGGAGE. *See BAGGAGE.*

CIRCUMSTANCES AND CONDITIONS.

When rate comparisons are offered in evidence in substantiation of a claim of unreasonableness, they should be accompanied by such testimony as is possible showing the transportation circumstances and conditions incident thereto. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (20).

In the absence of uniform circumstances and conditions uniform rates and practices may be discriminatory. Lighterage and Storage Regulations at New York, 47 (53).

CLAIMS. *See also LOSS AND DAMAGE.*

For damages said to average 10 per cent of earnings on drain tile, as compared with general average of 2 per cent for all traffic. *Drain Tile from Illinois Points*, 83 (84).

CLASS AND COMMODITY RATES.

While the existence of two classifications may explain the fact that class rates are made by combination, there is no such reason or justification for commodity rates being so stated since classification differences are not encountered. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (17).

If rate on cotton piece goods in western trunk-line territory is too low, the remedy is not to select points from or to which greater quantities are shipped and as to them establish commodity rates higher than class rates. *1915 Western Rate Advance Case*, 497 (636).

Only 25 or 30 per cent of traffic of the eastern shore moves on class rates, and differences between all-rail, rail-and-water, and all-water commodity rates are in many cases somewhat greater than between the respective class rates. *Steamer Lines on Chesapeake Bay*, 692 (699-700).

CLASS RATES.

Rates on high explosives not to exceed first class for carloads and double first class for less than carloads, prescribed. *Nitro Powder Co. v. West Shore R. R. Co.*, 77 (79).

Rates on mangrove bark, myrobalans, and valonia from ports on Atlantic seaboard to points in trunk line and central freight association territories not to exceed sixth class, prescribed. *National Asso. of Tanners v. L. V. R. R. Co.*, 175.

Reasonable rates prescribed between Lebanon and Louisville, Springfield and Louisville, and between Lebanon and Springfield, Ky., and Cincinnati, Ohio, based on Louisville. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204.

Local class rates in states named, except Kansas, have been reduced by legislative authority. Regulations as to Storage of Dairy Products, 469 (473).

CLASSIFICATION. *See also* JUDICIAL NOTICE.

While existence of two classifications may explain the fact that class rates are made by combination, there is no such reason or justification for commodity rates being so stated. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (17).

No ratings for high explosives in official, and local rates in New England territory are generally as high as rates from trunk-line territory. *Nitro Powder Co. v. West Shore R. R. Co.*, 77 (78).

Drain tile is rated class E in western. *Drain Tile from Illinois Points*, 83.

Elements which determine classification of building material bear a fixed relation to those which determine classification of lumber; but evidence in this case is indefinite and conflicting. *Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co.*, 150 (155).

Official and southern ratings on mangrove bark, myrobalans, valonia, and other tanning materials, compared. The sixth-class rates so long maintained in southern not shown to be less than reasonable. *National Asso. of Tanners v. L. V. R. R. Co.*, 175 (176, 178).

Western rates walnut lumber in carloads third class. *Des Moines Saw Mill Co. v. M. & St. L. R. R. Co.*, 182 (183).

Shipments of pieces of walnut properly are ratable as "walnut dimension lumber pieces." *Id.* (185).

The classification basis for fertilizer rates is class E. *1915 Western Rate Advance Case*, 497 (602).

Broom corn is rated third class in western, second class in official, and fifth class in southern. *Id.* (617).

Cotton piece goods classified first class in western, fourth class in southern, 15 per cent less than second class in official. *Id.* (633).

COASTWISE TRAFFIC.

Reduction of period of free storage from 10 to 5 days on coastwise freight not found justified. *Lighterage and Storage Regulations at New York*, 47 (56).

CODE OF DEMURRAGE RULES. *See* RECONSIGNMENT.**COLLECTION AND DELIVERY SERVICE.** *See* ALLOWANCES.**COMBINATION RATES.** *See also* THROUGH AND LOCAL.

On cement from Cape Girardeau are clearly unjustly discriminatory. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (127).

River combinations form the general basis of rates to central freight association territory. *Lumber Rates from Wilson, Ark., to Cincinnati, Ohio*, 179 (181).

Rates between Lebanon or Springfield and Cincinnati in excess of combinations on Louisville found unreasonable. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (214).

COMBINATION TICKETS.

No carrier receiving the equivalent of its full local fare to the junction may, in respect of combinations of tickets severally subject to the act, lawfully withhold provision for incidental services universally in demand. *Rules and Regulations Governing Checking of Baggage*, 157 (160).

COMMERCIAL AND ECONOMIC CONDITIONS.

Commission will not require a practice to be continued merely because of alleged commercial necessity. *Regulations as to Storage of Dairy Products*, 469 (473).

COMMODITIES CLAUSE. *See also* ANTHRACITE COAL CARRIERS.

Relations of controlling carriers and coal companies have not undergone any substantial changes since effective date of. *Rates for Transportation of Anthracite Coal*, 220 (249).

COMMODITIES CLAUSE—Continued.

Relations of the following controlling carriers and coal companies discussed:

- Central Railroad Co. of New Jersey. Id. (253).
- Delaware & Hudson Co. Id. (252).
- Delaware, Lackawanna & Western Coal Co. Id. (250).
- Delaware, Lackawanna & Western R. R. Co. Id. (250).
- Hudson Coal Co. Id. (252).
- Lehigh & Wilkes-Barre Coal Co. Id. (253).
- Lehigh Coal & Navigation Co. Id. (253).
- Lehigh Valley R. R. Co. Id. (252).

Has not resulted in a bona fide separation of affairs of carriers from mining and selling of anthracite coal. Rates for Transportation of Anthracite Coal, 220 (254).

The dual and inconsistent position of public carrier and private shipper that would exist where carrier was miner, transporter, and seller now exists. Id. (255).

COMMODITY RATES. See also CLASS AND COMMODITY RATES.

As regards commodity rates, there is no sufficient ground for refusing to establish joint rates on transriver traffic. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (17).

Cancellation of commodity rates on drain tile to Wisconsin and Minnesota points leaving in effect class E, not justified. Drain Tile from Illinois Points, 83.

COMMUNITY OF INTEREST. See CHARTERS.**COMMUTATION FARES.**

Cancellation of certain interstate commutation fares by the Illinois Central and Yazoo & Mississippi Valley railroads, where rarely used, justified. Southern Commutation Fares, 36.

Where traffic is heavy enough to warrant publication of commutation fares, the journeys are intrastate, and are rarely used for interstate trips. Id. (37).

COMPARATIVE RATES.

Comparisons with rates on brick, sand, cinders, gravel, coal, clay, and other low-grade commodities indicate a higher level for cement rates. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (19).

Rates on certain low-grade commodities are something higher than ice rates. Ice Rates to Long Branch, 73 (75).

Rates on drain tile are the same or less than brick rates. Drain Tile from Illinois Points, 83 (85).

Rates on common logs prescribed as maximum for low-grade cedar logs. Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry. 86; Same v. A. G. S. R. R. Co., 90 (93).

Rates on cottonseed products, grain, live stock, and petroleum and its products, compared. Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co., 94 (97).

Rates on corn and cottonseed cake and meal, compared. Id. (103).

Wooden building material in the white and lumber are closely related commodities materially, commercially, and with respect to their transportation. Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co., 150 (153).

Rates on building material should bear a uniform relation to lumber rates. Id. (155).

Mangrove bark, myrobalans, and valonia should take equal rates, sixth class being prescribed as maximum. National Asso. of Tanners v. L. V. R. R. Co., 175 (176, 178).

Rating on pieces of walnut billed as "walnut dimension lumber, pieces," compared with ratings on gunstocks. Des Moines Saw Mill Co. v. M. & St. L. R. R. Co., 182 (185).

COMPARATIVE RATES—Continued.

No basis shown for lower rates on walnut dimension lumber, pieces, than on walnut lumber. Id. (185).

Comparisons of carload rates, domestic and export, on other commodities with rates on cottonseed meal and cake. Imperial Valley Cotton Co. v. S. P. Co., 215 (217, 218).

Except in the northwest, where comparatively little coarse grain is raised, coarse grains usually take lower rates than wheat. 1915 Western Rate Advance Case, 497 (567).

Particular instances mentioned where rates on grain products vary from grain rates and from each other. Id. (567-568).

A rate that applies to one commodity only is hardly comparable with a rate under which two different commodities move. Id. (573).

Table comparing earnings on live stock and various other commodities, 1914. (Six lines.) Id. (587).

No uniform relation between packing-house product rates and rates on fresh meat. Id. (596).

Rates on hides when applied as proportionals to the southeast should not exceed proportional rates on packing-house products. Id. (598).

Rates on hides higher than on packing-house products not justified. Id. (602).

Coke loads lighter than coal, and there is no transportation reason why rates thereon should be lower than on coal. Id. (610).

Rates on domestic brewers' rice compared with rates on malt, corn, grits, and other commodities. Id. (612-613).

Few articles are comparable to broom corn from a transportation viewpoint. Id. (617).

COMPETITION. See also MEASURE OF RATES.**IN GENERAL:**

The competition of markets, of producers, and of rival carriers, especially by water, has resulted in a freight-rate system which can not be assumed to be so adjusted that rates effective result in earnings proportioned nicely to respective costs involved. 1915 Western Rate Advance Case, 497 (562).

COMMERCIAL:

Has been pressed too far in territory involved and differences in distances have been too much ignored. Former decision adhered to. Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 109 (115).

Appears to be more responsible for 7-cent rate from St. Louis and Louisville to Paducah. Id. (122).

Controlling influence upon rates from Cape Girardeau, Mitchell, La Salle, St. Louis, and Hannibal, water competition being immaterial. Id. (125).

CROSS-COUNTRY:

At intermediate points on the Kentucky Central and Cincinnati Southern between Louisville, Cincinnati and Lexington. Lebanon Commercial Club v. L. & N. R. R. Co., 204 (209).

MARKET:

The chief competition of mills at Lawrenceburg, Ind., comes from St. Louis mills. Rates on Grain Milled in Transit, 27 (31).

Common logs can not be utilized in making pencil slats and do not compete with cedar for that purpose. Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry., 86 (88).

Low-grade cedar logs do not compete with other varieties of logs and lumber. Nebraska Bridge Supply & Lumber Co. v. A. G. S. R. R. Co., 90 (93).

Cottonseed cake, meal, and hulls are competitive with corn for live-stock feeding purposes. Oklahoma Cottonseed Crushers Assn. v. M., K. & T. Ry. Co., 94 (102).

COMPETITION—Continued.**MARKET—Continued.**

Rates on building material to eastern cities said to be affected by competition from west; on lumber to Ohio River crossings controlled by competition from southwest which does not affect building material. *Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co.* 150 (154).

Competition of local mills and location of Chattanooga with reference to principal lumber markets exert a potent influence. *Chattanooga Log Rates*, 163 (170).

Merchants at Springfield are in competition with merchants of Lebanon. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (214).

El Centro and Calexico, Cal., meet competition at El Paso and Galveston, Tex., from mills in Texas and other States. *Imperial Valley Cotton Co. v. S. P. Co.*, 215 (217).

Percentage contracts enabled carriers to obtain control of coal production of independent operators and prevent it from being sold in markets in competition with output from their own mines. *Rates for Transportation of Anthracite Coal*, 220 (231).

Concentrators in two groups of States indicated compete in common markets, and especially in eastern markets. *Regulations as to Storage of Dairy Products*, 469 (472).

The Nashville market could compete only on an equality of rates with the Ohio River markets. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (482).

As a justification for higher rates on packing-house products, etc. Increase justified only as between certain points on Missouri River. *1915 Western Rate Advance Case*, 497 (590, 601).

Clean rice comes into competition with hominy and breakfast foods. *Id.* (616).

The banana rate from Galveston to St. Louis has been fixed largely with reference to competition of other ports. *Id.* (624).

RAIL AND BOAT LINES:

Petitioning rail carriers may compete for traffic with water lines in which they have an interest operating between Baltimore and the eastern shore. *Steamer Lines on Chesapeake Bay*, 692 (695).

There is keen competition for traffic with gasoline motor boats and other small boats between Baltimore and points on the Chester River. *Id.* (700).

RAILROAD:

Competition as a justification in carrying a relatively low rate from Memphis to Kansas City does not exist with reference to other points in Arkansas group. *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (104).

The same carrier competition exists from St. Louis, Cairo, and Memphis to southern and southwestern Arkansas and northern Louisiana as exists to central and northern Arkansas. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (114).

Present practice of readjusting aggregate through charges on shipments concentrated in transit was forced upon many carriers under stress of competition. *Regulations as to Storage of Dairy Products*, 469 (471).

WATER:

Water competition is said to have affected rates to Little Rock and other points accessible by water. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (111, 112).

Water competition compels the 9-cent rate from St. Louis to Memphis. *Id.* (118).

Where water competition, actual or potential, depresses and equalizes rates from St. Louis and Louisville, equal rates from both points may be proper. *Id.* (122).

Rates on lumber to eastern cities said to be affected by. *Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co.*, 150 (154).

COMPETITION—Continued.**WATER—Continued.**

Present rates said to have been established to meet competition of barge lines.

Lumber Rates from Wilson, Ark., to Cincinnati, Ohio, 179 (180).

Carriers can not assert the right to continue rates to river points or junction points which are lower than competition requires while continuing higher rates to intermediate points. Coal and Coke Rates in the Southeast, 187 (188).

Rates on coal from Alabama, Illinois, and Kentucky to New Orleans were established to meet actual forceful water competition then and still existing. Coal and Coke Rates in the Southeast, 187 (191).

Competition via barges to Mobile not serious so far as coal for New Orleans is concerned, but is a strong factor in controlling rate to Mobile. *Id.* (194).

It can not be said that rail lines have not heretofore met the competition of water carriers at Baton Rouge, La. *Id.* (201).

While competition of boats on Cumberland River may have been influential in fixing relationship between Nashville and Ohio River crossings on grain to the southeast, it is not found to have fixed the measure of rates from any of these points. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (481).

Establishment or maintenance of the reshipping or rebilling privilege at Nashville not found to have been compelled by competition of boats on Cumberland River. *Id.* (483).

COMPETITIVE CONDITIONS.

Adjustment of rates in central Kentucky is the result of competitive conditions which carriers now operating in that territory have inherited or have been unable to control. *Lebanon Commercial Club v. L. & N. R. R. Co.* 204 (213).

COMPLAINT. See FORMAL COMPLAINT.**CONCENTRATION.**

Principal assembly or concentration points. *Appendix. Rates for Transportation of Anthracite Coal*, 220 (297).

Cancellation of rules providing for readjustment of aggregate charges on shipments concentrated in transit in western territory justified. *Regulations as to Storage of Dairy Products*, 469.

CONCESSION. See also LEASE; REBATES.

Application of same fare over longer and more indirect route is a rate concession to the traveler in favor of that route. *The Ogden Gateway Case*, 131 (139).

CONFISCATORY RATES.

The maintenance of excessive freight rates confiscates the property of the individual operator. *Rates for Transportation of Anthracite Coal*, 220 (247, 248).

CONGRESS.

Regulatory power of, extends to transportation of foreign commerce within United States, but jurisdiction of Commission does not. *Seymour v. M. L. & T. R. R. & S. S. Co.*, 492 (493).

The duty of determining the justice and reasonableness of rates devolved by law upon the Commission prior to the authorization by Congress of the work of valuation. *1915 Western Rate Advance Case*, 497 (504).

CONSIGNOR AND CONSIGNEE. See REFUND.**CONSTITUTION. See PENNSYLVANIA CONSTITUTION.****CONSTRUCTION. See also PROJECTED LINES.**

Unnecessary railway construction and projected railway lines by individual operators in their efforts to overcome oppressive rates and selling conditions imposed. *Rates for Transportation of Anthracite Coal*, 220 (234, 272).

CONSTRUCTION OF STATUTE. See ELKINS ACT.**CONSUMPTION.**

New Orleans market consumes on land more than 1,000,000 tons, and supplies to ships in the harbor some 850,000 tons each year. *Coal and Coke Rates in the Southeast*, 187 (188, 189).

Of coal at Memphis aggregates over 1,000,000 tons annually. *Id.* (195).

CONTRACTS. See also "PERCENTAGE CONTRACTS."

Question of alleged damages resulting from nonfulfillment of a contract for track extension, whether informal or formal, would be one for determination by the courts. *Picher Lead Co. v. St. L. & S. F. R. R. Co.*, 45 (46).

Carrier held justified in making refund to consignee named in bill of lading where uninformed of contract relations between consignor and consignee; but Commission can not adjudicate rights under contract of sale. *Ludowici-Celadon Co. v. F. E. C. Ry. Co.*, 81 (82).

Contracts under which coal company is absolutely dominated by carrier. Rates for Transportation of Anthracite Coal, 220 (251).

Contracts between Lehigh Valley Coal Co. and coal sales company. *Id.* (252).

Contracts by which carrier can be used to extend favors to large shippers. *Id.* (253).

CONTRACT RATES.

Can not prevail against legal, published, and filed rates. 209 U. S., 56, 81.

Rates for Transportation of Anthracite Coal, 220 (243).

Special contract rates have been granted on packing-house products, so low that other carriers in certain instances have preferred to abandon the traffic rather than meet such rates. 1915 Western Rate Advance Case, 497 (593).

CORRESPONDENCE.

Relative to the establishment of fixed or flat rates on anthracite coal to tidewater.

Rates for Transportation of Anthracite Coal, 220 (228-229).

Letter by president of the N. Y., O. & W. Ry. to President Baer of the Reading concerning division of market price between producer and transporter. *Id.* (232).

Letters of Coal Freight Agent Grier to Second Vice President Jarvis, of the Lehigh Valley R. R., relative to reduction of coal rates by the Delaware & Hudson Co. *Id.* (246-247).

COST OF CONSTRUCTION. See PROPERTY COSTS.**COST OF MAINTENANCE. See MAINTENANCE EXPENSES.****COST OF ROAD AND EQUIPMENT. See also INVESTMENT; TABLES.**

Table 12, showing net cost of road and equipment and operating income: 1901-1914. 1915 Western Rate Advance Case, 497 (523).

TABLE 23.—Cost of road and equipment and number of equated traffic units. (Witness Wettling.) *Id.* (537).

CHART E.—Equated traffic units and net cost of road and equipment, total and per mile for Wettling's 41 roads. *Id.* (538).

TABLE 24.—Cost of road and equipment, equated traffic units, and operating income, C. & N. W. Ry., C., B. & Q. R. R., and M., K. & T. lines, 1901-1914. *Id.* (539).

Cost of road and equipment per mile owned, C. & N. W. Ry., C., B. & Q. R. R., and M., K. & T. lines. *Id.* (541).

COST OF SERVICE. See also TRAIN MOVEMENT.

Comparison of, for car-float and lighter service raises presumption that an allowance for one and not the other, freight rates being equal, would constitute unjust discrimination as between the two classes of service. Lighterage and Storage Regulations at New York, 47 (62-63).

Operating costs in transporting anthracite coal lower than for most other commodities. Rates for Transportation of Anthracite Coal, 220 (261).

Extraordinary expense attributable to transportation of certain commodities must be considered from standpoint of cost of service and not by adjustments of average revenue. *Id.* (262).

Cost of transporting anthracite coal. Cost is generally an important element in arriving at a judgment with respect to a rate. *Id.* (263).

COST OF SERVICE—Continued.

Commission has frequently held that cost per ton-mile properly decreases as length of haul increases. *Id.* (264).

Is but one of several factors to be considered. *Id.* (265).

The large tonnage of anthracite coal loaded in each car tends toward lower transportation costs. *Appendix.* *Id.* (347).

Cost of transporting anthracite coal from mines to tidewater, discussed, and exhibits compiled by Commission's examiners. *Appendix.* *Id.* (348).

Tables showing allocated, unallocated, and total costs of transporting anthracite over lines of Central R. R. Co. of New Jersey, cost of concentration of coal and distribution of empties, cost of handling at various yards and terminals, cost of transporting company freight, etc., during November, 1912. *Appendix.* *Id.* (352-362).

Statement showing method of arriving at allocated cost of line haul in transporting anthracite coal from the Wyoming and Lehigh regions to tide (loaded and empty movement). *Appendix.* *Id.* (363).

Cost of switching cars to and from plant of the Alexandria Paper Company considered in determining reasonable charge. Switching Charges at Alexandria, Ind., 494 (495).

Carriers in meeting increased costs with increased prices for service are subject to certain disabilities not similarly encountered by many other industries. 1915 Western Rate Advance Case, 497 (540).

The problem of estimating the cost of transporting specific commodities is at best in a development stage. *Id.* (561).

Rate making in the past has not been prosecuted parallel with comparative cost studies. *Id.* (561).

It would not appear that the total of special costs incident to the movement of grain and its products is excessively burdensome. *Id.* (569).

Cost of transporting products is higher than cost of transporting the grain. *Id.* (575).

Increased labor cost of cleaning stock cars and increased cost of train crews considered. Live Stock Rates from Colorado Points to Omaha, 682 (687).

CREDIT. See also REBATES.

Credit for transportation charges granted to Scranton Coal Co. *Appendix.* Rates for Transportation of Anthracite Coal, 220 (326).

Railroad credit as evidenced by interest on their loans has not been relatively more impaired than credit generally, public or corporate. 1915 Western Rate Advance Case, 497 (532).

With growing percentage of property mortgaged, carriers must eventually confront an increasing difficulty in borrowing with a smaller margin of security. *Id.* (534).

Of C. & N. W. Ry., C., B. & Q. R. R., and M., K. & T. lines as a whole has not suffered an impairment not common to comparable industrial enterprises. *Id.* (540).

The relatively equal depression of carriers' credit with credit generally is not evidence of adequacy or inadequacy of their present net revenues. *Id.* (540).

CUSTOM.

Must largely determine the reasonableness of the service at New York; but this would not apply to a custom that can be shown to be unlawful or outside the carrier's duty. Lighterage and Storage Regulations at New York, 47 (53).

DAMAGES.

No proof that complainants were damaged by discriminatory rates on glass and glassware from Morgantown, W. Va. Athens Glass Co. v. B. & O. R. R. Co., 22 (26).

DAMAGES—Continued.

Findings definitely set forth in original report herein, 19 I. C. C., 333, and decision awarding reparation on certain shipments of yellow-pine lumber, affirmed. *Louisiana Central Lumber Co. v. C., B. & Q. R. R. Co.*, 38.

Freight charges paid in first instance by consignee, but charged back to complainants by deduction from invoices. Reparation awarded. *Id.* (39).

Question of alleged damages resulting from nonfulfillment of a contract is one for determination by the courts. *Picher Lead Co. v. St. L. & S. F. R. R. Co.*, 45 (46).

Order awarding reparation due on account of damages resulting from through charges higher than aggregate of intermediates will be entered upon receipt of verified statement. *McCaull-Dinsmore Co. v. M. P. Ry. Co.*, 69 (71).

Rates found unreasonable, but reparation is denied for want of proof following the *Griffing case*, 32 I. C. C., 283. Ice Rates to Long Branch, 73 (76).

Awarded on account of unreasonable rates. *Nitro Powder Co. v. West Shore R. R. Co.*, 77 (79); *Imperial Valley Cotton Co. v. S. P. Co.*, 215 (219); *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (463).

Denied on low-grade cedar logs moving under unreasonable rates. *Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry.*, 86 (89).

Awarded on low-grade cedar logs moving at joint rates in excess of aggregate of intermediate rates. *Nebraska Bridge Supply & Lumber Co. v. A. G. S. R. R. Co.*, 90 (93).

Lumber rates which violate the aggregate of intermediates rule will not be passed upon here, and no basis is shown for awarding reparation. *Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co.*, 150 (156).

Reparation awarded on corn moving at combination rates from Iowa and Nebraska, via Minneapolis, to California instead of the joint through rate, except cars as to which the requirement of surrender of inbound expense bills of initial lines was not complied with. *Van Dusen Harrington Co. v. C., M. & St. P. Ry. Co.*, 172 (174).

Denied because only a revision of classification is involved and there is no proof of damage. *National Asso. of Tanners v. L. V. R. R. Co.*, 175 (178).

Reparation was not awarded in case 4678, 25 I. C. C., 277, and under the circumstances will not be awarded herein. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (214).

DEALER.

A carrier which is also a dealer and is in possession of a public franchise has opportunity to use its great power as a common carrier to discriminate against certain shippers with whom it is a competitor. Rates for Transportation of Anthracite Coal, 220 (254).

DELIVERY. See TERMINAL DELIVERY.**DEMURRAGE.**

It does not clearly appear that the accrual of 615 days' debits in excess of credits, under an average demurrage agreement, resulted from defendant's failure to make track extension, and demurrage charges held properly assessed. *Picher Lead Co. v. St. L. & S. F. R. R. Co.*, 45.

DENSITY OF TRAFFIC. See also TONNAGE.

Present relatively heavy density of traffic on the Kansas City Southern has had no influence on general level of rates from Oklahoma to Kansas City. *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (106).

Relative density of all traffic hauled by representative eastern and western roads for year ended June 30, 1914. 1915 Western Rate Advance Case, 497 (607).

DEPARTMENT OF AGRICULTURE.

Statistics with respect to live stock taken from reports of. 1915 Western Rate Advance Case, 497 (580).

DEPARTMENT OF JUSTICE.

Facts called to attention of. Rates for Transportation of Anthracite Coal, 220 (241, 243).

DEPRECIATION.

Table 10 indicating degree to which operating ratio may have been increased by reason of accounting as regards depreciation. 1915 Western Rate Advance Case, 497 (519).

DEPRESSION. *See also* PROSPERITY.

At Chattanooga is perhaps no greater than at Memphis and other lumber manufacturing centers. Chattanooga Log Rates, 163 (168).

Of business conditions at New Orleans on account of war. Coal and Coke Rates in the Southeast, 187 (193).

Carriers' credit no more depressed relatively than credit of industry generally. 1915 Western Rate Advance Case, 497 (532, 533).

DETENTION OF CARS. *See* CAR DETENTION; EQUIPMENT.

DIFFERENTIALS.

To Winchester and L. & E. Junction, Ky., a differential of 1 cent in favor of Superior, Ohio, and Fordwick, Va., authorized. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (21).

Existing between Morgantown and the Pittsburgh and Clarksburg districts in class rates on glass articles shall not be exceeded in making any readjustment. Athens Glass Co. v. B. & O. R. R. Co., 22 (26).

Rates from East St. Louis to southeastern and Carolina territories are made on basis of a fixed arbitrary of 2 cents over local rates from Cairo or Evansville, which in turn are made 4 cents over Memphis. Rates on Grain Milled in Transit, 27 (28).

Rates on cement in carloads from Cape Girardeau, Mo., to southern Arkansas, not at least 3 cents lower than from St. Louis, and to defined points in Louisiana, Mississippi, Kentucky, and Tennessee, not at least 2 cents lower, found unjustly discriminatory. Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 109 (115, 122, 130).

Complainants failed to prove what reasonable differentials between rates on lumber and building material would be, and question will be disposed of in Docket 8131. Yellow Pine Sash, Door & Blind Mfrs. Assn. v. S. Ry. Co., 150 (156).

The record affords no basis for determining a reasonable differential for walnut over common lumber, nor any other basis for condemning the differential assailed. Des Moines Saw Mill Co. v. M. & St. L. R. R. Co., 182 (183).

Rate on walnut lumber from Des Moines to named Atlantic ports for export must not exceed by more than 2 cents the rate from Kansas City. *Id.* (186).

Rates from other Alabama groups taking rates higher or lower than group 3 should be constructed usual differentials over or under rates authorized from group 3. Coal and Coke Rates in the Southeast, 187 (202).

By increasing rates on coal to New Orleans and not increasing rates on coke, the differential of coke over coal is narrowed from 50 to 35 cents. *Id.* (203).

Rate on cottonseed hulls is generally the same as, or a differential of 2½ to 5 cents under, cottonseed meal and cake rates. Imperial Valley Cotton Co. v. S. P. Co., 215 (218).

Differentials or relation of rates as between Alabama and Tennessee furnaces, which existed prior to October 1, 1914, shall be maintained. Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co., 460 (462).

DIFFERENTIALS—Continued.

The common differential from Gulf ports on imported brewers' rice is 3 cents under the import rate from Baltimore to St. Louis. 1915 Western Rate Advance Case, 497 (614).

Import rates from Gulf ports have been differentially adjusted to those from Atlantic ports since 1908. *Id.* (621).

Rates on fruits and vegetables to points in central freight association and trunk line territories are made on basis of arbitraries over East St. Louis. *Id.* (624).

Maximum differential in favor of all-water or rail-and-water routes is 3 cents per 100 pounds. Steamer Lines on Chesapeake Bay, 692 (699).

DIRECTORS. *See also* INTERLOCKING DIRECTORATES.

Number of directors of each of initial anthracite carriers as of June 30, 1913. *Appendix.* Rates for Transportation of Anthracite Coal, 220 (298).

Number of directors of each of the affiliated coal companies as of June 30, 1913. *Appendix.* *Id.* (301).

DISCRIMINATION.

As between car-float and lighter service, presumption is raised that an allowance for one and not the other, freight rates being equal, would constitute unjust discrimination. Lighterage and Storage Regulations at New York, 47 (62-63).

Furnishing financial aid, etc., to coal company constitutes unlawful discrimination against other shippers who are competitors. Rates for Transportation of Anthracite Coal, 220 (240).

Practice of according an interline movement by means of trackage arrangements and free transportation to junction points of coal production exchanged by carrier controlled coal companies is unlawful and discriminatory in its worst sense, since the discrimination results to the benefit of the carriers. *Id.* (289).

DISTANCE. *See also* GROUP RATES.

Table of rates on cottonseed products in Kansas, Missouri, and Oklahoma for distances from 100 to 700 miles. Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co., 94 (102).

As a rule, rates for short distances are graded and rates for longer distances blanketed. *Id.* (107).

Since the advantage in distance which St. Louis has over Hannibal is recognised in lower rates from St. Louis, Cape Girardeau is entitled to lower rates than St. Louis unless countervailing conditions exist. Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 109 (119).

It is contended that rates prescribed in 30 I. C. C., 36, increase disproportionately as distance increases, contrary to the general rule. Original order modified. Chattanooga Log Rates, 163 (165, 171).

To Memphis from various coal fields. Coal and Coke Rates in the Southeast, 187 (195).

Distances from Louisville and Cincinnati to Springfield, between various points in central Kentucky, between Cincinnati and central Kentucky points, and from Cincinnati to certain points in Indiana shown. Lebanon Commercial Club v. L. & N. R. R. Co., 204 (206, 207).

El Centro and Calexico, Cal., to El Paso and Galveston, Tex. Imperial Valley Cotton Co. v. S. P. Co., 215.

Total distance a commodity is hauled is a very important factor in rate making. Rates for Transportation of Anthracite Coal, 220 (261).

Distances from Europe, Asia, and Africa to Gulf ports average approximately 50 per cent in excess of distances to Atlantic ports. 1915 Western Rate Advance Case, 497 (620-621).

On basis of distance several of proposed Texas rates on cotton piece goods might be justified, but others are apparently indefensible. *Id.* (640).

DISTANCE RATES.

Rates on glass and glassware from Morgantown and competing districts appear to be made on a distance basis entirely. *Athens Glass Co. v. B. & O. R. R. Co.*, 22 (25).

Promulgation of a distance tariff applicable from all points in Oklahoma blanket on cottonseed products suggested as a solution of difficulties. *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (107).

DISTRIBUTION OF TONNAGE. *See* TONNAGE.

DISTURBANCE OF ADJUSTMENT.

Commission should not disturb the parity in the rates on grain and grain products that has long existed, which is not here attacked, and which its beneficiaries have had no opportunity to defend. 1915 Western Rate Advance Case, 497 (577).

Increases here proposed on packing-house products would destroy the existing parity in the rates. *Id.* (595).

DIVIDENDS.

Money taken from treasury of railway company by holding company on account of dividends to be declared later. Rates for Transportation of Anthracite Coal, 220 (254).

Substantial rates of dividends during years 1904 to 1913. *Id.* (277).

A number of coal companies in whose stocks carriers have invested have never paid to the carriers dividends on their stocks. *Id.* (283).

Dividends paid by respondents during the past 20 years. *Appendix. Id.* (336).

Increasing percentage of bonds to total capital obligations indicate a growing unwillingness to accept prospect of dividends as a sufficient incentive to assume risks of railroad proprietorship. 1915 Western Rate Advance Case, 497 (540).

Rates of, paid on common stock. *Id.* (559).

DIVISIONS.

Under present basis of, respondent is allowing its southern connections 1 cent more than appears to be necessary. Rates on Grain Milled in Transit, 27 (30).

Carriers failed to agree upon divisions of joint rates fixed by Commission, and upon petition of the initial line, the Moffat road, divisions are prescribed. Coal Rates from Oak Hills, Colo., 456.

Divisions herein found reasonable for the Moffat road in connection with the Rock Island should not be used to measure divisions of carriers serving mines at Walsenburg. *Id.* (459).

Divisions of joint rates on pig iron from Alabama and Tennessee to central freight association territory between carriers operating north and those south of the Ohio River, prescribed. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.* 460.

Rates on pig iron varied with the price and these fluctuations were reflected in varying divisions to southern lines. *Id.* (464, 465).

Estimates of divisional percentages should have been based upon hauls via the direct gateway. *Id.* (466).

Northern lines not entitled to an increase in their divisions. and *Five Per Cent case* no warrant therefor. *Id.* (467, 468).

If parties can not agree, they may present matter of divisions to Commission in a supplementary proceeding. *Port Huron & Duluth S. S. Co. v. P. R. R. Co.*, 475 (476).

Petition of tap line for increased divisions denied. The Tap Line Case, 485 (487).

Defendants at one time agreed as to divisions of joint rates and should make a bona fide effort again to reach an agreement. *Federal Sugar Refining Co. v. C. R. R. Co. of N. J.*, 488 (491).

DOCK COAL.

No increases proposed in rates on. 1915 Western Rate Advance Case, 497 (610).

DOCKS AND TRESTLES. *See* LEASE.**DOMESTIC RATES.**

On brewers' rice may be increased to an amount equal to increased import rates.

1915 Western Rate Advance Case, 497 (622).

DUNNAGE.

Proposed increased charges for staking, wiring, or cleating shipments of lumber, telegraph poles, etc., justified. Lighterage and Storage Regulations at New York, 47 (66).

DUTY OF CARRIER. *See also* FOSTERING COMMERCE.

To afford shipper a reasonable opportunity to deliver freight for shipment, to transport same with reasonable dispatch and safety, place it in a reasonably accessible place to be received, and afford consignee reasonable time for its removal. Lighterage and Storage Regulations at New York, 47 (52).

EARNING CAPACITY.

Exceptional earning capacity of principal anthracite carriers discussed. Rates for Transportation of Anthracite Coal, 220 (274).

EARNINGS. *See also* REVENUES.

Car-mile earnings on grain products from East St. Louis are considerably less than on grain milled in transit at Lawrenceburg, Ind. Rates on Grain Milled in Transit, 27 (30).

Per car on cottonseed meal and cake. Imperial Valley Cotton Co. v. S. P. Co. 215 (217).

The large tonnage hauled in the trains produces high earnings per train-mile. Rates for Transportation of Anthracite Coal, 220 (260).

It is apparent that 6 per cent per annum earnings on the whole property of a railway system of a group of railways such as the Erie lines is unattainable. Id. (273).

Question of setting rates upon a particular description of traffic where the same rates if carried by all roads would result in essentially different earnings to different carriers, considered. 1915 Western Rate Advance Case, 497 (560).

Statement of rates per gross ton-mile and earnings per car-mile on live stock, in comparison with other commodities in car lots, on the C., B. & Q. R. R. Id. (586).

Statement showing comparison of earnings on hay under proposed rates with certain other commodities moving between Kansas City and points indicated. Id. (631).

ECONOMIES.

Economies sought to be realized from heavier equipment have in large part been neutralized by heavier maintenance costs. 1915 Western Rate Advance Case, 497 (515).

Economy of operation is promoted by heavier loading, and the whole public benefits by economies that reduce the cost of transportation. Id. (575).

EFFICIENCY.

Railroad properties should be kept in a high state of, and freight rates should be sufficiently remunerative to permit it. Rates for Transportation of Anthracite Coal, 220 (283).

ELKINS ACT.

Object to prevent favoritism and to place all shippers upon equal terms. Rates for Transportation of Anthracite Coal, 220 (289).

Construction of, relative to transportation of any property in interstate or foreign commerce. *Seymour v. M. L. & T. R. R. & S. S. Co.*, 492 (493).

EMPTY-CAR MOVEMENT.

While many cars used in log traffic are utilized for return loading, a very substantial empty-car movement is necessary in order to provide cars for log shippers. *Chattanooga Log Rates*, 163 (167).

Heavy tonnage hauled in train offsets, to a large extent, the expense of returning empty coal cars. *Rates for Transportation of Anthracite Coal*, 220 (262).

There is a greater percentage of empty movement of double-deck cars for sheep and hogs than for other live stock. *1915 Western Rate Advance Case*, 497 (582).

For packing-house products the average empty to loaded on all traffic is about 50 per cent. *Id.* (594).

Empty stock-car movement over lines of the U. P. R. R. amounted to 46.1 per cent of total movement, both loaded and empty, for year ended June 30, 1913.

Percentage not so high on other roads. *Live-Stock Rates from Colorado Points to Omaha*, 682 (686).

EQUALIZING RATES.

Rates from Cape Girardeau to points in Louisiana east of the river and river points in Mississippi may equal rates from St. Louis thereto. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (130).

In order to equalize routes, it was and is frequently necessary for lines either to or from crossings, sometimes both, to accept less than their local rates. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (482).

EQUATED TRAFFIC UNIT. See also TABLES.

Arbitrary method of obtaining. *1915 Western Rate Advance Case*, 497 (509).

Per mile operated, C. & N. W. Ry., C., B. & Q. R. R., M., K. & T. lines. *Id.* (539, 541).

EQUIPMENT. See also ECONOMIES; REPAIRS AND RENEWALS.

Carriers are entitled to have their equipment released and tracks relieved within a reasonable time and are justified in imposing charges which will accomplish those purposes. *Milwaukee Produce & Fruit Exchange v. C. & N. W. Ry. Co.*, 33 (35).

Interests of the public demand that cars be released as promptly as possible in order that their maximum service in transportation may be realized. *Light-erage and Storage Regulations at New York*, 47 (55).

Carload rates of \$1.32 per ton in box cars and \$1.48 in ice cars prescribed as maximum. *Ice Rates to Long Branch*, 73 (76).

Average tractive power of locomotives, and average capacities of coal cars. *Appendix. Rates for Transportation of Anthracite Coal*, 220 (346).

Loss of use of equipment resulting from method of handling hay traffic is an important factor to be considered in determining the reasonableness of a rate. *Id.* (630).

EQUITIES.

It is Commission's duty to take into consideration all equities affecting either group of contending carriers in dealing with question of divisions. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (465).

ERROR. See FINDINGS OF COMMISSION.**EXHIBITS. See also CORRESPONDENCE; TABLES.**

Morgan Exhibits Nos. 15, 41, and 42, compiled by Commission's examiners, showing operating costs of transporting anthracite coal. *Appendix. Rates for Transportation of Anthracite Coal*, 220 (292, 348).

Morgan Exhibits Nos. 37 and 38, comparing volume of coal traffic and other freight traffic, and revenue from each. *Appendix. Id.* (349).

Transportation of mine supplies (*Morgan Exhibit No. 18*), and transmission of messages by telegraph (*D., L. & W. R. R. Co. Exhibit No. 4*). *Appendix. Id.* (335).

EXPEDITED FREIGHT.

Live stock is of necessity moved more rapidly than dead freight. 1915 Western Rate Advance Case, 497 (580).

Expedited service is necessary and is accorded packing-house products. Id. (594).

EXPENSES. See COST OF SERVICE; OPERATING EXPENSES; TABLES.

EXPORT RATES.

Increase in export rates through the Gulf ports found not justified. 1915 Western Rate Advance Case, 497 (577).

From Des Moines to Norfolk and Newport News over lines of the Wabash and Burlington railroads and their connections the joint rate on walnut logs for export should not exceed the rate from Kansas City by more than 2 cents. Des Moines Saw Mill Co. v. M. & St. L. R. R. Co., 182 (186).

Reasonable rates prescribed on cottonseed meal and cake from El Centro and Calexico, Cal., to Galveston, Tex., for export. Imperial Valley Cotton Co. v. S. P. Co., 215.

EXPRESS PRIVILEGE CONTRACTS.

Item express privileges is the proportion of the gross revenue that is paid to railroad companies, as per contracts, for providing transportation and furnishing certain terminal facilities. Express Rates, 3 (5).

It is stated that petitioners are still endeavoring to reduce payments for express privileges by further modifications of contracts with railroads. Id. (9).

EXPRESS RATES.

More than 90 per cent of the express business of the country is now being handled under the rates, rules, and regulations as prescribed by this Commission. Express Rates, 3 (4).

Table showing mileage operated by petitioners and payments for express privileges for the years 1914 and 1915. Id. (9).

FACILITIES. See LEASE; REBATES.

FARES. See COMMUTATION FARES; MILEAGE BOOKS; TICKETS.

FEEDING IN TRANSIT.

The application of the law relating to, is no more burdensome now than in former years. Live-Stock Rates from Colorado Points to Omaha, 682 (685).

FINANCIAL AID. See also CAPITAL; REBATES.

Coal companies organized and financed without interposition of outside interests or capital. Rates for Transportation of Anthracite Coal, 220 (250).

Carrier's treasury provided capital required by coal-selling company. Id. (252).

FINANCIAL CONDITIONS.

Tables showing petitioners' revenues, expenses, income, and volume of traffic for years 1914 and 1915. Express Rates, 3 (5-8).

While the financial condition of certain petitioners is more favorable than that of others, it clearly appears that as a whole they are operating at a loss. Id. (9).

Statements of carriers as to uncertainties of their financial outlook not convincing. Rates for Transportation of Anthracite Coal, 220 (283).

Commission can not accept as final or determinative the recital of failures of particular carriers at particular junctures to borrow except at abnormal or prohibitive rates of interest. 1915 Western Rate Advance Case, 497 (530).

FINANCIAL MALADMINISTRATION.

It does not appear that any uniform relationship can be traced between present level of operating ratios of carriers whose financial administration has been culpable and of remaining carriers. 1915 Western Rate Advance Case, 497 (520).

FINANCIAL STATEMENTS.

Statements compiled from returns contained in the annual reports of the following roads to the Commission for the years ended June 30, 1890 to 1914. 1915 Western Rate Advance Case, 497 (543-558).

Atchison, Topeka & Santa Fe Ry. Co. Id. (550).
 Chicago & North Western Ry. Co. Id. (546).
 Chicago, Burlington & Quincy R. R. Co. Id. (548).
 Chicago, Milwaukee & St. Paul Ry. Co. Id. (545).
 Chicago, Rock Island & Pacific Ry. Co. Id. (552).
 Great Northern Ry. Co. Id. (543).
 Missouri, Kansas & Texas Lines. (Id. (556)).
 Missouri Pacific Ry. Co. Id. (553).
 Northern Pacific Ry. Co. Id. (544).
 St. Louis & San Francisco R. R. Co. Id. (555).
 St. Louis, Iron Mountain & Southern Ry. Co. Id. (554).
 Southern Pacific Co. Id. (551).
 Texas & Pacific Ry. Co. Id. (558).
 Union Pacific R. R. Co. Id. (549).

FINDINGS OF COMMISSION.

Contention that the Commission erred in its finding in the *Straw Rates case*, 29 I. C. C., 562, as to the origin of a large part of the straw shipments is without merit. *Alton Box Board & Paper Co. v. I. T. R. R. Co.*, 1 (2).

FIXING RATES. See ANTHRACITE COAL RATES.

FLAT RATES.

Correspondence concerning establishment of fixed or flat rates to tidewater. Prevailing percentage rates at time flat basis was adopted became the tariff rates to tidewater. Rates for Transportation of Anthracite Coal, 220 (228-230). Since present basis of flat rates on anthracite coal was established in 1901 the tonnage has increased. *Appendix*. Id. (340).
 Permission granted to publish a flat charge of \$4 per car. Switching Charges at Alexandria, Ind., 494 (496).

FLUCTUATIONS.

Rates on pig iron varied with the price. *Gloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.* 460 (464, 465).
 In the rates on grain and grain products discussed. 1915 Western Rate Advance Case, 497 (566).
 While there have been fluctuations in bituminous coal rates involved, present rates are no higher than 10 years ago. Id. (608).

FORMAL COMPLAINT.

Complaint of the interveners would be more properly made subject of separate proceedings under formal complaint. *Lighterage and Storage Regulations at New York*, 47 (67).

FOSTERING COMMERCE.

It is unlawful for carriers to foster commerce more at one place than at another, and they are under no obligation to foster commerce at sacrifice of reasonable profits. *Lighterage and Storage Regulations at New York*, 47 (53).

FRACTIONS.

Distance a shipment is hauled has no bearing upon proposed increased rate except in so far as they may be affected by casting off of fractions of one-half cent or the addition of 1 cent when fraction exceeds one-half. *Express Rates*, 3 (10).

FREE TIME. See also STORAGE.

Commission is of the opinion that present allowance of 3 days free time for removal of freight is reasonable. *Lighterage and Storage Regulations at New York*, 47 (57).

FREIGHT BILLS.

Possession of, not the only evidence of persons entitled to refund. *Ladewig Celadon Co. v. F. E. C. Ry. Co.*, 81 (82).

FREIGHT CHARGES. See DAMAGES.**FREIGHT RATES. See also PROFIT.**

On coal the freight rate is an important factor in price which consumer pays. Rates for Transportation of Anthracite Coal, 220 (222).

Should be sufficiently remunerative to permit railroad properties to be kept in state of high efficiency. *Id.* (283).

FREIGHT TRAFFIC.

Table indicating relative importance of the anthracite coal traffic of 11 carriers and relative proportion of anthracite coal revenue and other operating revenues. *Appendix. Rates for Transportation of Anthracite Coal*, 220 (291).

FUEL.

Quantitatively, fuel is the most important of miscellaneous items of increased costs. 1915 Western Rate Advance Case, 497 (517).

Fuel coal sold at low price to shipper. Rates for Transportation of Anthracite Coal, 220 (253).

GATEWAYS.

Primary reason why respondent desires to continue through grain rates is to keep open the Cincinnati gateway. Rates on Grain Milled in Transit, 27 (30). Cancellation by the U. P. of through routes and joint rates via the D. & R. G. through the Ogden gateway, justified. The Ogden Gateway Case, 131.

Joint through rates are made up of proportional rates to and from Ohio River gateways. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (463).

Competition resulted in an equalization of rates via. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (482).

GEOLOGICAL SURVEY.

Publications issued in 1911 relative to increase in production of anthracite coal. Rates for Transportation of Anthracite Coal, 220 (223).

GRADES AND CURVES.

Defendant's main line crosses two ranges of mountains and country traversed is generally rough and broken with heavy grades, sharp curves, and tunnels. *Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry.*, 86 (88).

The U. P. crosses the mountains at a substantially lower level and on less severe grades than are found on the D. & R. G. The Ogden Gateway Case, 131 (139).

Ascending grades in mining region have a tendency to cause high transportation costs. Rates for Transportation of Anthracite Coal, 220 (261).

Mountainous character of country through which Moffat road runs. Coal Rates from Oak Hills, Colo., 456 (459).

"GROSS" AND "NET" RATES.

Exhibit showing "gross" rates of lines which maintain a system of "gross" and "net" rates instead of lower "net" rates, criticised by protestants. *Chattanooga Log Rates*, 163 (166).

GROUP RATES.

It does not appear that the grouping adopted by defendants for Morgantown, W. Va., is any other than arbitrary. *Athens Glass Co. v. B. & O. R. R. Co.* 22 (24).

The propriety of a group rate in any case must depend upon the conditions upon which it is predicated. *Oklahoma Cottonseed Crushers Assn. v. M., K. & T. Ry. Co.*, 94 (106).

Where difference in distances between points in any group is as great a percentage of the average distance from points in group to destination, the grouping is *prima facie* unreasonable. *Id.* (107).

GROUP RATES—Continued.

Present grouping of points in Oklahoma, producing cottonseed oil, cake, meal, and hulls, is unreasonable. *Id.* (107).

Groups may be proper for some kinds of traffic and improper for other kinds. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (114).

HEARING.

Hearing will be held at Kansas City, Mo., on October 11, 1915, to give parties interested opportunity to show cause why distance schedules suggested should not be prescribed. *Oklahoma Cottonseed Crushers Assn. v. M., K. & T. Ry. Co.*, 94 (108).

At hearings on rule to show cause, no showing made why Commission should not enter an order in substantial conformity with order of June 9, 1911, enjoined by Commerce Court. *Duncan & Co. v. N., C. & St. L. Ry.*, 477.

HEPBURN ACT.

Coal companies were required to pay established tariff rates. Rates for Transportation of Anthracite Coal, 220 (248).

IMPORT RATES.

The question of proper relationship between import and domestic rates on brewers' rice is before Commission in another proceeding. 1915 Western Rate Advance Case, 497 (614).

Proposed increased import rates from Gulf ports commensurate with those already effective from Atlantic ports, justified. *Id.* (621).

IMPORTS.

In 1913 complainant imported about 1,200,000 pounds of sugar from Germany for final delivery in Mexico. *Seymour v. M. L. & T. R. R. & S. S. Co.*, 492.

IN AND OUT RATES.

While the A. G. S. R. R. handled, during period from January 1, 1914, to August 31, 1914, approximately one-half of all logs shipped to Chattanooga, it received less than one-tenth of the outbound lumber traffic. *Chattanooga Log Rates*, 163 (164).

INCOME. See also NET CORPORATE INCOME; TABLES.

Net operating income as deduced from carriers' books. Commission does not suggest that 6 per cent per annum is too high or too low a rate of return on railroad investments. Rates for Transportation of Anthracite Coal, 220 (226, 267).

Rates which would produce the 6 per cent result for the Susquehanna & Western and Ontario & Western would be extortionate. *Id.* (271).

Income of initial anthracite carriers. *Id.* (273).

Failure of less prosperous roads to earn a satisfactory net income due largely to overcapitalization. *Id.* (279, 280).

Return on investment, and returns on book cost of property discussed. 1915 Western Rate Advance Case, 497 (520-522).

Table 13 showing ratio of net operating income to property investment and Chart C showing ratio of operating income less rental to net cost of road and equipment. *Id.* (524).

Table 14 showing ratio of net operating income to net cost of road and equipment, 10 selected roads: 1901-1914. *Id.* (525).

TABLE 15.—Returns to labor and capital compared: 1901-1914. *Id.* (526).

Table 16 showing per cent operating income is of assumed valuation ranging from \$30,000 to \$50,000 per mile of road: 1913 and 1914. *Id.* (527).

Appropriated for sinking funds, additions to property, etc. *Id.* (559).

INCOME STATEMENTS. See TABLES.

INCREMENTS.

Concomitant variations as between increments of investment since 1907 and increments in net revenues, considered. 1915 Western Rate Advance Case, 497 (505).

INFLATED INVESTMENT.

Present-day rates should not be expected to earn a return on property costs inflated by inclusion of items not actually representing expenditures for road and equipment. Rates for Transportation of Anthracite Coal, 220 (268).

INFORMATION.

Leasing of pier also requires that competitors must pass their shipments under scrutiny of Burns Bros., which thus gains information concerning competitors' shipments prohibited by section 15. Rates for transportation of Anthracite Coal, 220 (244).

INTERCORPORATE RELATIONSHIP. *See also* COMMODITIES CLAUSE; MONOPOLY.

There is nothing of record to disprove assertion that the A. G. S. in no way shares in lumber traffic revenue of the C., N. O. & T. P., although there is a more or less close relationship between them on account of the interest of the Southern in both roads. Chattanooga Log Rates, 163 (165).

Fact that coal company elected to ship at long-established basis of tidewater rates 25 cents per ton higher than prescribed by Commission negatives supposition that there was a bona fide divorcement of business of carrier and shipper. Rates for Transportation of Anthracite Coal, 220 (251).

Relations existing between coal companies, who are affiliated with respondents, manner in which business of coal companies was built up by means of financial aid extended to them, and commingling of affairs of carriers and coal companies: *Appendix*. Id. (302).

Reading Companies. Id. (302).

Philadelphia & Reading Coal & Iron Co. Id. (306).

Port Reading Railroad Co. Id. (312).

Philadelphia & Reading Terminal R. R. Co. Id. (313).

Seagoing tugs and barges. Id. (314).

Philadelphia & Reading Ry. Co. Id. (314).

Central Railroad Co. of New Jersey. Id. (315).

Lehigh Coal & Navigation Co. Id. (316).

Burns Brothers Lease. Id. (319).

Pennsylvania R. R. Co.-Northern Central Ry. Co. Id. (320).

Advances to Summit Branch Coal Co. Id. (320).

Advances to Summit Branch Mining Co. Id. (320).

Advances to Mineral R. R. & Mining Co. Id. (320).

Mineral Railroad & Mining Co. Id. (321).

Delaware & Hudson Co. Id. (322).

Hudson Coal Co. Id. (323).

Northern Coal & Iron Co. Id. (323).

Erie R. R. Co. Id. (324).

Pennsylvania Coal Co. Id. (324).

Erie & Wyoming Valley R. R. Co. Id. (324).

Delaware Valley & Kingston R. R. Co. Id. (324).

New York, Ontario & Western Ry. Co. Id. (325).

Elk Hill Coal & Iron Co. Id. (325).

Scranton Coal Co. Id. (325).

Lehigh Valley R. R. Co. Id. (327).

Lehigh Valley Coal Co. Id. (327).

Loans and advances to. Id. (328).

INTERCORPORATE RELATIONSHIP—Continued.

Relations existing between coal companies, etc.—Continued.

Lehigh Valley R. R. Co.—Continued.

Coxe Brothers & Co., Inc. Id. (329).

Lehigh Valley Coal Sales Co. Id. (330).

Delaware, Lackawanna & Western R. R. Co. Id. (330).

Delaware, Lackawanna & Western Coal Co. Id. (331).

Stocks of coal in storage owned by carrier. Id. (332).

INTEREST. See also OVERTS; REBATES.

Waiver of interest charges on certificates of indebtedness so that coal company receives a valuable offset against published rates has been condemned. Rates for Transportation of Anthracite Coal, 220 (246).

Railway systems borrow money at rates of interest much lower than 6 per cent. Id. (267).

Commission does not deem it material to go behind the fact into the causes which have operated to bring about the increase in the ruling rate of interest since 1900. 1915 Western Rate Advance Case, 497 (531).

INTERLINE. See also DISCRIMINATION.

Freight traffic of initial anthracite carriers is largely. Rates for Transportation of Anthracite Coal, 220 (281).

INTERLOCKING DIRECTORATES.

Same executive officials control and administer affairs of railway company, coal and iron company, and holding company. Rates for Transportation of Anthracite Coal, 220 (241).

Evidence shows that to a very large extent carriers' directors, officials, and stockholders are directors and officials of coal companies. Id. (254).

Statement showing interlocking directors of the 11 initial anthracite carriers. *Appendix.* Id. (298).

Statement showing directors and officials of carriers who are also directors and officials of affiliated coal companies. *Appendix.* Id. (298).

INTERSTATE COMMERCE.

The nature of any commerce is determined by its essential character and not by its mere accidents. *Seymour v. M. L. & T. R. R. & S. S. Co.*, 492 (493).

INTERTERRITORIAL RATES. See BREAKING POINTS.**INTERVENERS.**

In case before Commission. *Athens Glass Co. v. B. & O. R. R. Co.*, 22; *Lighterage and Storage Regulations at New York*, 47 (67); *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (100); *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (111); *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460; *Duncan & Co. v. N., C. & St. L. Ry.*, 477; *Steamer Lines on Chesapeake Bay*, 692.

INVESTIGATION.

Rates for Transportation of Anthracite Coal, 220.

INVESTMENT. See also Cost of Road and Equipment; Inflated Investment; Tables.

However reluctant the Commission may feel to sanction changes in rates which tend to impair or destroy the value of investments made in expectation of their continuance, it can not on that ground deny to carriers the right to charge rates which are just and reasonable. *Chattanooga Log Rates*, 163 (168).

Carriers' investment and income as deduced from their books. Rates for Transportation of Anthracite Coal, 220 (266).

Great systems have acquired feeders and competitors at a cost higher or lower than construction cost and investment shown does not represent cost or approximate cost of property. Id. (267).

INVESTMENT—Continued.

If experience demonstrates that increased investment fails, over a term of years, to yield an increased return, the inference is either that it was ill judged and not calculated to serve the public, or that the price of the service has not been sufficient to allow an adequate return. 1915 Western Rate Advance Case, 497 (520-521).

Table 11 showing comparison of increase in net cost of road and equipment with increase in operating income for a six-year period. Id. (521).

Table 21—Investment experience of eight western railroads: 1890-1914. Id. (535).

Traffic has increased faster than investment, 1901-1914. Id. (537).

Where carriers have investments of considerable importance other than in road and equipment, the revenue therefrom may appreciably affect the income accounts, etc. Id. (542).

ISSUE.

Report refers only to relations between Moffat road and Rock Island lines on a particular commodity. Coal Rates from Oak Hills, Colo., 456 (459).

JOINT RATES.

Joint through rates on transriver cement traffic from Mitchell, Ind., required. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (17, 21).

Cancellation of joint rates via two lines where defendant gave satisfactory service over its direct line, justified. Columbia Gold Mining Co. v. O.-W. R. & N. Co., 42 (43).

Cancellation of, on lumber from Arkansas points to Louisville, Cincinnati, and Evansville, leaving in effect higher combinations, justified. Lumber Rates from Wilson, Ark., to Cincinnati, Ohio, 179.

From Des Moines to Norfolk and Newport News over lines of the Wabash and Burlington railroads and their connections the joint rate on walnut logs for export should not exceed the rates from Kansas City by more than two cents. Des Moines Saw Mill Co. v. M. & St. L. R. R. Co., 182 (186).

Joint through rates on pig iron from Alabama and Tennessee to central freight association territory reduced and divisions thereof prescribed. Sloes-Sheffield Steel & Iron Co. v. L. & N. R. R. Co., 460 (462, 468).

JUDICIAL NOTICE.

Commission might take notice of the fact that different traffic conditions are known to prevail in central freight association and southern classification territories; but whether conditions in southern part of c. f. a. or northern part of southern prevail generally in the respective territories are matters capable of direct proof which is lacking herein. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (20).

JURISDICTION. See also THROUGH ROUTES AND JOINT RATES.

Commission does not perceive that they have larger or different powers when dealing with tariffs proposing to cancel an existing through route and joint fares than in connection with a complaint praying for establishment thereof. The Ogden Gateway Case, 131 (140).

Transportation of sugar from Germany, through the United States in bond, to destinations in Mexico is not subject to jurisdiction of Commission. Seymour v. M. L. & T. R. R. & S. S. Co., 492.

It does not fall to the Commission to dictate the order in which carriers shall select commodities for bearing specific increases. 1915 Western Rate Advance Case, 497 (562).

LABOR.

Increases in average daily wages as between 1900 and 1914 have been general, and in the aggregate substantial. 1915 Western Rate Advance Case, 497 (511). Table 4 showing labor compensation compared with total operating revenues and total operating expenses: 1901-1914. Id. (513).

"LATERAL ALLOWANCES." *See also* ALLOWANCES; REBATES.

The term is misleading for the reason that the allowances were not paid for the purpose of compensating shipper for any service or for use of any instrumentality connected with the transportation of its shipments. Rates for Transportation of Anthracite Coal, 220 (243).

LAWFUL RATES. *See also* TARIFFS.

Carriers have found it necessary or expedient to extend to their coal companies concessions from and offsets against their tariff rates on anthracite coal. Rates for Transportation of Anthracite Coal, 220 (283).

LEAKAGE.

Brine leaking from packers' cars causes injury to tracks and interlocking plants, but this condition is being remedied. 1915 Western Rate Advance Case, 497 (595).

LEASE. *See also* REBATES.

Docks and Trestles leased to Burns Brothers by Central R. R. Co. of New Jersey and allowances paid. Rates for Transportation of Anthracite Coal, 220 (243, 244).

The use of trestles leased at inadequate rental reserved in lease has each year constituted a substantial concession to coal company and unlawful discrimination against competing shippers and an offset against rates. Id. (251).

Property leased to private parties should not be described as property devoted to public use. Id. (270).

Of coal stocking plants, storage plants, trestles, etc., to coal company. *Appendix.* Id. (334).

LENGTH OF HAUL.

Comparisons indicate a constantly increasing length of haul. Chattanooga Log Rates, 163 (166).

LETTERS. *See* CORRESPONDENCE.**LIGHTERAGE.** *See also* STORAGE.

Proposed additional charge of 12 cents per ton for loading and unloading of lightered freight, not justified. Lighterage and Storage Regulations at New York, 47 (61).

Freight lightered requires more handling than freight floated to pier stations. Id. (61).

Proposed charge of 3 cents per 100 pounds on l. c. l. lots of westbound freight lightered with a carload or more of free lighterage freight is justified; but minimum charge of \$3 per shipment is disapproved. Id. (63).

Proposed increased charges for lightering heavy articles not justified. Id. (64, 65).

LIMITATION OF ACTION.

Claims for reparation on yellow-pine lumber not barred, complaint being held sufficient to toll the statute. Louisiana Central Lumber Co. v. C., B. & Q. R. R. Co., 38 (40).

Claims not barred by reason of the fact that they were not proved within two years after shipments were delivered. Id. (40).

LIVE STOCK.

Average value per head. 1915 Western Rate Advance Case, 497 (580).

LOADING. *See also AVERAGES.*

Grain products to southeast load from 30,000 to 40,000 pounds to the car, whereas grain loads from 60,000 to 80,000 pounds. Rates on Grain Milled in Transit, 27 (30).

Drain tile loads lighter than brick. Drain Tile from Illinois Points, 83 (85).

Cottonseed meal and cake readily loads to 80,000 lbs. in a 40-foot car. Imperial Valley Cotton Co. v. S. P. Co., 215 (217).

Grain is one of the heaviest loading commodities. 1915 Western Rate Advance Case, 497 (570).

That it is convenient or desirable to have light loads that small shippers may get carload rates is not a transportation reason sufficient, when the carload is a normal unit of shipment, to prevent carriers from utilizing somewhat more fully their equipment. Id. (575).

Packing-house products load from 26,000 to 39,000 pounds, fresh meat from 21,000 to 26,500 pounds, and mixture of the two less than the minimum. Id. (594).

Coke loads lighter than coal. Rates thereon should not be lower. Id. (610).

LOADING AND UNLOADING.

Length of time required to unload car depends upon ability of local market to absorb fruit. Milwaukee Produce & Fruit Exchange v. C. & N. W. Ry. Co., 33 (34).

Value of equipment used and possible necessity of its prompt release supports theory that unloading of freight from lighters is a service carriers should continue to assume. Lighterage and Storage Regulations at New York, 47 (60).

Proposal to charge 12 cents per ton for loading and unloading of lightered freight would be discriminatory as between shippers of different commodities, would have the effect of increasing the freight rate, and is not justified. Id. (60-61).

Carriers are justified in requiring that shippers load and unload freight to and from cars on car floats when ordered and placed at vessels or outside piers. Id. (62).

LOANS AND ADVANCES. *See also CREDIT; FINANCIAL CONDITIONS; INTER-CORPORATE RELATIONSHIP; INTEREST.*

Loans and advances to Lehigh Valley Coal Co. *Appendix.* Rates for Transportation of Anthracite Coal, 220 (328).

LONG AND SHORT HAUL.

Fourth section departures which exist and are here involved have not been justified, and application for relief is denied. Ice Rates to Long Branch, 73 (75).

If lower rates in effect to depressed rate points are reasonable *per se*, Commission can not authorize higher rates to intermediate points. Coal and Coke Rates in the Southeast, 187 (188).

Authority to charge lower rates from Louisville to Junction City than to Lebanon and other intermediate points was denied, and no reason is shown on rehearing for a different conclusion. Lebanon Commercial Club v. L. & N. R. R. Co. 204 (212).

LONG HAUL. *See ORIGINATING LINES.***LOSS AND DAMAGE.**

To small shipments is heavy. Regulations as to Storage of Dairy Products, 469 (473).

Analysis of live-stock revenue and claim payments. 1915 Western Rate Advance Case, 497 (583).

Relatively the expenditures for loss and damage claims on live stock are greater than the average of such claims paid on freight in general. Live-Stock Rates from Colorado Points to Omaha, 682 (686).

Claims on cattle relatively greater than on sheep. Id. (686).

LOW-GRADE COMMODITY.

Anthracite coal. Rates for Transportation of Anthracite Coal, 220 (261).

LOW RATES.

Rates said to have been made unusually low to draw movement of cement west-bound. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (21).

That basic rates are low, even if true, affords no justification for relatively higher rates from Cape Girardeau than from Mitchell, La Salle, St. Louis, and Hannibal. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (125).

Argument that ice rates are unduly low is unavailing. *Ice Rates to Long Branch*, 73 (75).

Rates said to be abnormally low, and an increase is justified. *Lumber Rates from Wilson, Ark., to Cincinnati, Ohio*, 179 (180).

Rates prescribed in case 4678, 25 I. C. C., 277, between Louisville and Lebanon, Ky., were too low. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (213).

Some of existing rates on packing-house products between certain Missouri points are manifestly low and some increase is justified. *1915 Western Rate Advance Case*, 497 (601).

Commission can not, because of the disability of some particular territory which prevents it from competing with others on even terms, require carriers to accord rates unreasonably low. *Id.* (624).

Rates on peaches, pears, and plums are low in comparison both with class rates and rates fixed by Commission on peaches. *Id.* (525).

MAINTENANCE EXPENSES.

Table 6 and Chart B showing ratio of maintenance of way and structures, maintenance of equipment, and other operating expenses to operating revenues: 1901-1914. *1915 Western Rate Advance Case*, 497 (514-515).

TABLE 7.—Maintenance expenses and investment compared, eight roads: 1899-1914. *Id.* (516).

It can not be affirmed with certainty that increased charges for maintenance of equipment are excessive or undue. *Id.* (517).

Cost of maintenance of heavy coal cars augmented by reason of injury caused to other lighter equipment. *Id.* (605).

Tables 33 and 34 illustrate collateral features bearing upon maintenance costs. *Appendix*. *Id.* (643).

MANUFACTURED PRODUCTS.

Greater uniformity and a new rate relationship between lumber and its products, based upon more scientific principles, are necessary; but complainant fails to show what a reasonable relationship would be. *Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co.*, 150 (155).

MAP.

Showing location of cement-producing points and common market points. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (16).

Diagram showing rate situation as between Cape Girardeau, St. Louis, etc., to various destinations. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (116).

Showing routes and geographic relation of the Union Pacific system and the Denver & Rio Grande R. R. to the territories they serve. *The Ogden Gateway Case*, 131 (133).

Showing lines leading from Cincinnati to Kentucky points. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (208).

Showing Western Trunk Line, Trans-Missouri Freight Bureau, and Southwestern Tariff Committee territories. *1915 Western Rate Advance Case*, 497 (503).

Showing water lines involved and rail lines on eastern and western shores of Chesapeake Bay. *Steamer Lines on Chesapeake Bay*, 692 (694).

MARKET COMPETITION. *See* **COMPETITION (MARKET).**

MARKET DISTRIBUTION.

Of anthracite coal for the year 1905, shown. *Rates for Transportation of Anthracite Coal*, 220 (224).

MARKETS.

At Milwaukee cars are placed on team tracks and consignees unload fruit as local market demands. *Milwaukee Produce & Fruit Exchange v. C. & N. W. Ry. Co.*, 33 (34).

For low-grade cedar logs for manufacture into pencil wood. *Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry.*, 86 (89).

New Orleans is an important market for coal. *Coal and Coke Rates in the Southeast*, 187 (188).

Markets and destinations to which anthracite coal was transported during the year ended June 30, 1912. *Appendix. Rates for Transportation of Anthracite Coal*, 220 (294).

There is considerable demand for southern pig iron in northern markets. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (464).

Effect of increases on grain and its products on markets such as Omaha and certain competing markets, such as Kansas City, discussed. *1915 Western Rate Advance Case*, 497 (568).

Bituminous coal rates have been so adjusted that mine operators in general territory may sell their output in common markets. *Id.* (604).

St. Paul and Minneapolis, largest coal markets west of Chicago. *Id.* (610).

MASTER CAR BUILDERS' RULES.

Mentioned. *Lighterage and Storage Regulation at New York*, 47 (66).

MEASURE OF RATES.

Rate comparisons, offered in evidence in substantiation of a claim of unreasonableness, may be discredited in a number of ways, some of which are here specified. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (20).

Commission strongly favors the analysis of service and rates as an aid to their measurement and comparison. *Lighterage and Storage Regulations at New York*, 47 (61).

The rates on coal to Memphis or New Orleans maintained under stress of competition that existed at those points is of no controlling weight in determining what is a reasonable rate to such points. *Coal and Coke rates in the Southeast*, 187 (197).

Since Lebanon and Springfield are just outside the zone of Central Kentucky low-rated territory, it is not fair to measure the reasonableness of rates to and from those points by the standard from and to other junction points in southern states. *Lebanon Commercial Club v. L. & N. R. R., Co.*, 204 (213).

Comparisons of carload rates and minimum weights with car-mile revenues on cottonseed meal and cake from and to various points of value, but in the absence of supporting proof of similar transportation conditions and volume of traffic are not conclusive. *Imperial Valley Cotton Co. v. S. P. Co.*, 215 (217).

Competition of boats on Cumberland River not found to have fixed the measure of rates from points in the southeast. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (481).

Carriers' net corporate income can not be accepted as a measure of the adequacy or inadequacy of their rates. *1915 Western Rate Advance Case*, 497 (540).

Comparisons of rates and revenues, notwithstanding that conclusions can not be drawn with mathematical certainty are valuable. *Id.* (600).

MERGER. *See also* PROJECTED LINES.

The Lehigh Valley R. R. purchased the properties of Coxe Bros. & Co. (Inc.), who owned and operated the Delaware, Susquehanna & Schuylkill R. R. and had trackage rights to tidewater. Rates for Transportation of Anthracite Coal, 220 (237-238).

Most of the large railway systems of this country were made up by consolidating and merging many lines which started as independent enterprises. *Id.* (267).

MILEAGE. *See* DISTANCE; TABLES.

MILEAGE BOOKS. *See also* COMMUTATION FARES; TICKETS.

Are sold especially for accommodation of persons who travel frequently between points where traffic does not warrant commutation fares. Southern Commutation Fares, 36 (37).

MILEAGE RATES.

Maximum mileage rates applicable to one-line movements in Iowa have been filed with the Commission. *McCaull-Dinsmore Co. v. M. P. Ry. Co.*, 69 (71).

Rates resulting from mileage scale prescribed in *Investigation of Alleged Unreasonable Rates on Meats* are less than fifth and third-class rates prescribed in *Shreveport case*. 1915 Western Rate Advance Case, 497 (597).

MILLING IN TRANSIT. *See* TRANSIT PRIVILEGES.

MINE SUPPLIES.

Transportation of mine supplies burdens carrier's operating expenses. *Appendix*. Rates for Transportation of Anthracite Coal, 220 (335).

MINIMUM CHARGE.

Of \$3 proposed for each lot of westbound l. c. l. freight lightered with carload or more of free lightering freight, not justified. Lightering and Storage Regulations at New York, 47 (63).

Should apply to car movement rather than to each shipment. *Id.* (63).

Establishment of minimum charge of \$20 on bulky articles, less 60 cents per ton for each delivery, disapproved. *Id.* (64).

There is a minimum rate of 10 cents per 100 pounds prescribed on each inbound less-than-carload shipment, and a minimum charge of 25 cents on each shipment. Regulations as to Storage of Dairy Products, 469 (470).

MINIMUM WEIGHT.

Proposed increase of minimum weight from 10,000 to 20,000 pounds for free lightering of dressed poultry, butter, cheese, and eggs not justified. Lightering and Storage Regulations at New York, 47 (66).

Minimum carload weight of 40,000 pounds for distances involved, prescribed upon rehearing. *Chattanooga Log rates*, 163 (171).

Anthracite-coal tariffs generally provide a high minimum, all tending to compel loading to maximum carrying capacity. *Appendix*. Rates for Transportation of Anthracite Coal, 220 (347).

Where carriers are seeking to increase carload minima to a point short of what can be reasonably and generally loaded. Commission is not warranted in denying such increase. 1915 Western Rate Advance Case, 497 (575).

Increased minimum weight on grain products from 30,000 to 40,000 pounds, justified. *Id.* (575).

Carload minimum on packing-house products is generally 26,000 pounds, though minimum varies on fresh meat and mixed shipments. *Id.* (593).

Increased import rates from Gulf ports and carload minimum from 30,000 to 40,000 pounds, justified. *Id.* (623).

The carload minimum on cattle and sheep varies in the different states involved. *Live-Stock Rates from Colorado points to Omaha*, 682 (683).

MOFFAT ROAD.

Instituted proceedings and obtained supplemental order prescribing divisions.
Coal Rates from Oak Hills, Colo., 456.

MONOPOLY.

The Temple Iron Company an agency used by carriers for unlawful purposes of gaining a monopoly of sale of anthracite coal. Rates for Transportation of Anthracite Coal, 220 (231).

It has been the policy of carriers to gain a monopoly of production and sale of anthracite coal. Id. (232).

Small shipper or shipper who had no transportation affiliations could not compete with mines favored by carrier. Id. (247).

MORTGAGED PROPERTY. See CREDIT.**NATIONAL ASSOCIATION OF RAILWAY COMMISSIONERS.**

Letter from chairman of committee on express rates and regulations of, made a part of record. Express Rates, 3 (11).

NET CORPORATE INCOME.

Term means net amount remaining from carriers' operating revenues and income from other sources after payment of operating expenses, taxes, rents, interest, and other fixed charges. Rates for Transportation of Anthracite Coal, 220 (275, 276).

Of anthracite carriers compared with that of other representative carriers. Id. (276).

Has enabled anthracite carriers not only to pay very substantial dividends, but also to set aside large amounts for purchase of additional property and to add to their surplus. Id. (277).

The impropriety of accepting net corporate income as a measure of the adequacy of rates was illustrated in the *Five Per Cent case*. 1915 Western Rate Advance Case, 497 (536).

Table 22 showing ratio of net corporate income, increased by amount of interest, to total capital obligations, and net corporate income to total stocks outstanding: 1901-1914. (Witness Powell.) Id. (536).

Carriers' net corporate income can not be accepted as a measure of the adequacy or inadequacy of their rates. Id. (540).

"NET" RATES. See "GROSS" AND "NET" RATES.

OFFSETS. See also REBATES.

Coal and iron company receives offsets, against published rates, in form of interest charges which are unlawful. Rates for Transportation of Anthracite Coal, 220 (240, 241).

In form of royalty earnings, granted to mining company at expense of carrier's income, constitute an unlawful discrimination against competing shippers. Id. (245).

Waiver of interest charges on certificates of indebtedness constitutes a valuable offset against published rates. Id. (246).

OHIO RIVER.

Presents no transportation difficulties such as to make of it a barrier against the free movement of traffic to and from territory on either side thereof. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (17).

OPERATING EXPENSES. See also COST OF SERVICE; FINANCIAL CONDITIONS.

Statement of, Central R. R. Co. of N. J., showing distribution of amounts not represented in "allocated costs," November, 1912. *Appendix*. Rates for Transportation of Anthracite Coal, 220 (368-372).

Causes contributing to increased cost such as labor costs, taxes, maintenance costs, and various miscellaneous items, including, among others, fuel, train supplies, loss and damage claims, and injuries to persons, considered. 1915 Western Rate Advance Case, 497 (511).

OPERATING EXPENSES—Continued.

Table 9 showing ratios of miscellaneous items such as enginemen and engine-house expenses, fuel, water, road trainmen, train supplies, loss and damage, injuries to persons, and clearing wrecks to operating revenues, western and southwestern roads: 1901-1914. *Id.* (517).

OPERATING INCOME. See also INCOME.

Per mile operated, C. & N. W. Ry., C., B. & Q. R. R., M., K. & T. lines. 1915 Western Rate Advance Case, 497 (539, 541).

OPERATING RATIO. See also TABLES.

The operating ratio for any year is the ratio of that year's operating expenses to operating revenues. 1915 Western Rate Advance Case, 497 (505).

Can be used as an index of the relative prosperity of carriers only after due allowance is made for other factors which might qualify the showing which the operating ratio indicates on its face. *Id.* (505).

There has been since 1901 an increase in the operating ratio of almost exactly 10 in the ratio. *Id.* (507).

Lists of roads included in various groups for which ratios are shown in Table 1. *Id.* (508).

Changes in, are due to variations in expenses or in revenues. *Id.* (509).

The general increase in, is traceable to deep-seated underlying causes which have affected carriers generally through increased operating costs. *Id.* (520).

OPERATING REVENUES. See also REVENUES; TABLES.

Have increased during the past 10 years. Rates for Transportation of Anthracite Coal, 220 (274).

Relative proportions of, available for operating expenses and for net fixed charges. *Id.* (275).

Interest on bonds is only indirectly a criterion of the adequacy of operating returns. 1915 Western Rate Advance Case, 497 (533).

ORDER OF COMMISSION.

Modified to provide for additional revenues for express companies. Express Rates, 3.

ORIGINATING LINES.

Generally are entitled to the longest haul they can perform where transportation can be performed upon equal terms, with reasonable dispatch, and without undue discrimination. *Columbia Gold Mining Co. v. O.-W. R. & N. Co.*, 42 (43).

OVERCAPITALIZATION.

Erie lines. Rates for Transportation of Anthracite Coal, 220 (271, 279).

New York, Susquehanna & Western R. R. Co. and Wilkes-Barre & Eastern R. R. Co. fail to earn a satisfactory net income. *Id.* (280).

New York, Ontario & Western Ry. Co. *Id.* (281).

OVERCHARGES.

It is not unlawful for carriers uninformed as to contract relations between consignor and consignee to make refund of overcharge in ordinary course of business to consignee named in bill of lading. *Ludowici-Celadon Co. v. F. E. C. Ry. Co.*, 81.

OWNERSHIP OF BOAT LINES.

It must be shown not only that existing service and rates are reasonably satisfactory, but that under railroad ownership the lines render service as good as if independently owned and operated, and that railroad ownership does not deprive the public of substantial benefits of competition. *Steamer Lines on Chesapeake Bay*, 692 (696-697).

PANAMA CANAL ACT.

One evident purpose of section 11 of the Panama Canal act was to remove restraints on competition between rail and water lines. *Steamer Lines on Chesapeake Bay*, 692 (696).

PAPER RATES.

Apparently no movement of straw under former rates from North Jefferson, Mo., and other points. *Alton Box Board & Paper Co. v. I. T. R. R. Co.*, 1 (2).

Rates selected for comparison alleged to be, in many instances, paper rates under which no traffic moves. *Chattanooga Log Rates*, 163 (169).

Many of the less-than-carload rates published on clean rice to southeastern territory are paper rates. *1915 Western Rate Advance Case*, 497 (616).

PARITY OF RATES. *See* **RELATIVE ADJUSTMENT.****PARTIES.** *See* **DAMAGES.****PASSENGERS.**

Suggestions made for the continuance of through accommodations for the traveling public, including through checking of baggage and berths in through sleeping cars. *The Ogden Gateway Case*, 131 (143).

PASSENGER FARES. *See* **COMMUTATION FARES; MILEAGE BOOKS.****PASSENGER-MILE EARNINGS.** *See* **TABLES.****PAST RATES.**

Assertion that rates established as an experiment proved to be a mistake comes too late at the end of 14 years. *Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry.*, 86 (89).

Commission can not, because reluctant to sanction changes which impair the value of investments, deny to carriers the right to charge just and reasonable rates. *Chattanooga Log Rates*, 163 (168).

The long-continued application of sixth-class rates on mangrove bark and myrobalans raises a presumption that sixth-class rates are reasonable. *National Asso. of Tanners v. L. V. R. R. Co.*, 175 (176, 178).

By exception to western classification cotton piece goods in western trunk line territory have for more than 25 years been rated third class. *1915 Western Rate Advance Case*, 497 (633).

PENNSYLVANIA CONSTITUTION.

Section 5 of article XVII of, quoted, forbidding common carriers to engage in other business. Rates for Transportation of Anthracite Coal, 220 (249).

"PERCENTAGE CONTRACTS."

Of independent operators who sold their anthracite-coal production at mines to carriers or to their allied coal companies. Rates for Transportation of Anthracite Coal, 220 (227).

The percentage contracts established excessive rates. *Id.* (231).

PERCENTAGE RATES.

Ordinary basis of rate making for high explosives in official classification territory, except New England territory. *Nitro Powder Co. v. West Shore R. R. Co.*, 77 (79).

Percentage rates of which flat or tariff rates were an adaptation were excessive rates. Rates for Transportation of Anthracite Coal, 220 (231).

PICK-UP AND DELIVERY SERVICE. *See* **ALLOWANCES.****POPULATION.**

Increase in live stock since 1903 has not been commensurate with growth in population. *1915 Western Rate Advance Case*, 497 (580).

POWER OF COMMISSION. *See* **JURISDICTION; THROUGH ROUTES AND JOINT RATES.**

PREFERENCES AND PREJUDICES. *See also DISCRIMINATION.***LOCALITIES:**

Rates on straw from points on the M., K. & T. Ry. to Alton, Ill., not found unjustly discriminatory. *Alton Box Board & Paper Co. v. I. T. R. R. Co.*, 1.

Rates on cement from Mitchell, Ind., to Kentucky junction points found unjustly discriminatory as compared with rates from Superior, Ohio, and Fordwick, Va. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14.

Rates on glass and glassware from Morgantown, W. Va., to various points are unjustly discriminatory and shall not exceed the rates from either the Clarksburg or Pittsburgh districts. *Athens Glass Co. v. B. & O. R. R. Co.*, 22 (26).

Rates on low-grade cedar logs from certain Alabama and Tennessee points to Atlanta, Ga., not unduly prejudicial. *Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry.*, 86 (89).

St. Louis is a deliberately favored point in rates on cement to southern and southwestern Arkansas and northern Louisiana. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (114).

Rates on cement from Cape Girardeau, Mo., to southern Arkansas not at least 3 cents lower than rates from St. Louis and to defined points in Louisiana, Mississippi, Kentucky, and Tennessee, not at least 2 cents lower, found unjustly discriminatory. *Id.* (115, 122, 130).

Rates on cement unjustly discriminate against Cape Girardeau in favor of St. Louis. *Id.* (122).

Combination rates are unjustly discriminatory to Cape Girardeau on cement to southern Illinois points. *Id.* (127).

Any through rate from Des Moines which exceeds by more than 2 cents the rate from Kansas City on walnut lumber via the Wabash or Burlington and their connections to Norfolk and Newport News for export subject Des Moines to undue prejudice. *Des Moines Saw Mill Co. v. M. & St. L. R. R. Co.*, 182 (186).

Maintenance of rates between Cincinnati and Lebanon or Springfield higher than between Cincinnati and Junction City is not unjustly discriminatory to Lebanon or Springfield. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (213).

Rates on interstate traffic between Springfield and Louisville higher than between Louisville and Lebanon found unjustly discriminatory against Springfield. *Id.* (214).

When it appears that a favored point secures an advantage over complaining cities by reason of a privilege not compelled by competition, there being no dissimilarity of conditions, a showing of the rate situation is as convincing a showing of a violation of section 3 as it is generally practicable to make. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (483).

PRICE. *See also "PERCENTAGE CONTRACTS."*

Freight rates on many commodities are but an infinitesimal part of the price which the consumer pays for such commodities. Rates for Transportation of Anthracite Coal, 220 (222).

The selling price of anthracite at tidewater shows a very definite upward trend from 34 to 49 per cent during the past 13 years. *Id.* (224).

For many years prior to 1907 through rates on pig iron from southern furnaces varied with the price. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (464, 465).

The rise in the rate of interest on capital borrowed results from influences that also produce a rise in general level of prices. 1915 Western Rate Advance Case, 497 (532).

Table 19 showing average relative prices of commodities: 1890 to 1914 (base, 1890-1899, both inclusive). *Id.* (532).

PRICE—Continued.

Chart D showing relative figures of commodity prices and railway revenues per equated traffic unit, 1901-1914. *Id.* (533).

Market price of grain varies almost daily. *Id.* (567).

Average prices of wheat and corn on the Chicago Board of Trade, shown. *Id.* (567).

Average selling price, all coal from mines in States shown, 1904 to 1913, inclusive. *Id.* (607).

Comparison of prices for coal delivered at St. Paul and Minneapolis. *Id.* (610).

Average price of brewers' rice for a five-year period. *Id.* (613).

Price of hay at markets has steadily risen in recent years. *Id.* (632).

PRODUCTION.

Cottonseed products in Oklahoma. *Oklahoma Cottonseed Crushers Assn. v. M., K. & T. Ry. Co.*, 94 (97).

Gradual transition of center of production has altered circumstances originally surrounding establishment of group rates for cottonseed products. *Id.* (106).

Total annual production of Alabama mines is from 12,000,000 to 17,000,000 tons.

Coal and Coke Rates in the Southeast, 187 (193).

Average daily production, carloads, of collieries served by the D., L. & W. R. R., The Erie R. R., and the Central R. R. of New Jersey, month of November, 1912.

Appendix. Rates for Transportation of Anthracite Coal, 220 (341-343).

Table showing production of poultry, butter, and eggs during 1900 and 1910. Regulations as to Storage of Dairy Products, 469 (472).

Of bituminous coal in States covered by *Western Advance case* has regularly and considerably increased since 1900. 1915 *Western Rate Advance Case*, 497 (608).

United States produces about 25,000,000 bushels of rice; considerably less than 1 per cent of annual world crop. *Id.* (611).

Cost of producing cattle and sheep has considerably increased, though production has decreased; large portions of the former free cattle ranges having been homesteaded. Live-Stock Rates from Colorado Points to Omaha, 682 (687).

PROFIT.

It is said proposed rates would be disadvantageous because average profit on flour is said to be only 10 cents per barrel and on corn meal 5 cents and less per barrel. Rates on Grain Milled in Transit, 27 (31).

Margin of profit on tidewater anthracite. Rates for Transportation of Anthracite Coal, 220 (265).

Freight rates established to produce extra elements of profits in addition to legitimate transportation costs and profits are fatal to the successful conduct of business of individual operators and shippers. *Id.* (283).

PROFIT AND LOSS STATEMENTS. See TABLES.**PROHIBITIVE RATES. See also CONFISCATORY RATES.**

Combination rates on cement from Cape Girardeau shut complainant out of most points in southern Illinois. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (126).

Carriers used their great power with the intent to establish rates that were high enough to remove the production of independent operators from the field of competition with coal mined by railroad interests. Rates for Transportation of Anthracite Coal, 220 (233, 272).

PROJECTED LINES. See also CONSTRUCTION.

New York, Wyoming & Western Railroad: Projected by independent operators to relieve rate and selling conditions imposed by carriers was absorbed by the Temple Iron Co. Rates for Transportation of Anthracite Coal, 220 (235).

Delaware Valley & Kingston Railroad: Backed by individual operators, but absorbed by the Erie Railroad through J. P. Morgan & Co. *Id.* (236).

PROPERTY COSTS.

Property costs deduced from old books are not reliable. Rates for Transportation of Anthracite Coal, 220 (269).

PROPERTY INVESTMENT. See INVESTMENT.**PROPORTIONAL RATES.**

Maximum proportional rate on walnut lumber from Des Moines to Mississippi River crossings when destined to points east of Illinois-Indiana State line, prescribed. *Des Moines Saw Mill Co. v. M. & St. L. R. R. Co.*, 182 (184).

It is not clear that the publication of, would accomplish anything of value to Baton Rouge; or that failure to publish, constitutes unjust discrimination against that point. *Coal and Coke Rates in the Southeast*, 187 (201).

Joint through rates between southern and northern carriers are made up of proportional rates to and from Ohio River gateways. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.* 460 (463).

Some shrinkages in proportionals both north and south of river should be made. *Id.* (465).

Local rates on hides when applied as proportionals to southeast should not exceed proportional rates on packing-house products. *1915 Western Rate Advance Case*, 497 (598).

"PROPRIETY."

"Propriety" is a broader and more inclusive term than "reasonableness." The difference in the level of state and interstate rates can not be ignored in a proceeding involving the propriety of increased interstate rates. *1915 Western Rate Advance Case*, 497 (589).

In judging of the propriety of new schedules, the Commission is charged with a broader duty than when simply passing upon the reasonableness of particular rates. *Live-Stock Rates from Colorado Points to Omaha*, 682 (689).

The incongruity between proposed interstate rates and the intrastate scale is a circumstance which goes vitally to the propriety of rates under suspension. *Id.* (689).

PROSPERITY.

Interests of carrier usually promoted by increase and development of business of shippers and by increasing their prosperity; but in the anthracite traffic the welfare of shippers was incompatible with interests of carriers in their capacity as dealers. Rates for Transportation of Anthracite Coal, 220 (234).

Carriers should be expected to encounter the same ups and downs of financial fortune as affect industry at large. *1915 Western Rate Advance Case*, 497 (520).

An arrangement for the future for averaging years of prosperity and depression might be equitable alike to investor and public. *Id.* (522).

PUBLIC INTEREST. See also PROSPERITY.

It is in public interest that certain unproductive betterments should continue to be made. Rates for Transportation of Anthracite Coal, 220 (271).

It is a matter of general public interest that southern iron should move freely into northern territories. *Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (464).

PUBLIC USE.

Retail coal trestles, when exclusive use thereof is leased to private parties, should not be described as property devoted to public use. Rates for Transportation of Anthracite Coal, 220 (270).

PUBLISHED TARIFFS. See TARIFFS.**PULLMAN COMPANY. See SLEEPING CAR ACCOMMODATIONS.****RAIL-AND-LAKE.**

Rates via other rail-and-lake and rail-lake-and-rail routes should be observed as maxima for through route established herein. *Port Huron & Duluth S. S. Co. v. P. R. R. Co.*, 475 (476).

RAILROAD COMPETITION. *See* **COMPETITION (RAILROAD).**

"RATE-BREAKING POINTS."

West-end milling stations adjacent to and east of East St. Louis taking East St. Louis rates are virtually "rate-breaking points" on traffic from Missouri River points. Rates on Grain Milled in Transit, 27 (29).

RATE MAKING.

The Louisville or Cincinnati combination, whichever is lower, is used in making rates from C. F. A. territory to points south of Ohio River. Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co., 14 (17).

New Orleans is the rate-making base from Louisiana and Texas points, St. Louis for destination points. 1915 Western Rate Advance Case, 497 (615).

RATE WARS.

Explain some of the variations on grain and grain products. 1915 Western Rate Advance Case, 497 (566).

REASONABLE RATES.

Where interests of carriers are promoted by increase and development of business of its shippers and by increasing their prosperity there is a tendency toward establishment of. Rates for Transportation of Anthracite Coal, 220 (234).

REASONABLENESS OF RATES. *See also* "PROPRIETY."

The question of what, under all the circumstances, is just and reasonable, is as applicable to a practice as to a rate. Lighterage and Storage Regulations at New York, 47 (53).

Rates found unreasonable. Ice Rates to Long Branch, 73 (75); Nitro Powder Co. v. West Shore R. R. Co., 77; Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry., 86; Oklahoma Cottonseed Crushers' Assn. v. M., K. & T. Ry. Co., 94; Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 100; National Assn. of Tanners v. L. V. R. R. Co., 175; Lebanon Commercial Club v. L. & N. R. R. Co., 204; Imperial Valley Cotton Co. v. S. P. Co., 215; Rates for Transportation of Anthracite Coal, 220; Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co., 460.

Rates not found unreasonable. Alton Box Board & Paper Co. v. I. T. R. R. Co., 1.

REBATES. *See also* **LEASE; OFFSETS.**

Concessions and offsets to favored shippers are as pernicious as direct rebates, and it matters little whether they are in form of cash payments, interest charges, royalty earnings, use of valuable property at inadequate rent, free use of carriers' funds or credit, or other insidious means. Rates for Transportation of Anthracite Coal, 220 (239).

Payment of "lateral allowances" is the payment of a rebate. *Id.* (243).

RECAPITULATION. *See* **TRAIN MOVEMENT.**

RECONSIGNMENT.

Time allowed for, under Code of Demurrage Rules, is one day. Lighterage and Storage Regulations at New York, 47 (55).

REDUCTION IN RATES.

Rates prescribed on low-grade cedar logs from Alabama, Tennessee, and other points to Atlanta, Ga., not to exceed rates on common logs. Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry., 86; Same v. A. G. S. R. R. Co., 90.

Reasonable maximum rates prescribed on cottonseed oil, cake, meal, and hulls from Oklahoma to neighboring states. Oklahoma Cottonseed Crushers Assn. v. M., K. & T. Ry. Co., 94.

Reasonable rates from distances of 71 to 90 miles, inclusive, and 181 to 250 miles inclusive, prescribed. Chattanooga Log Rates, 163 (171).

Reasonable maximum rates on interstate traffic between Lebanon and Louisville, Springfield and Louisville, and between Lebanon and Springfield, Ky., and Cincinnati, Ohio, based on Louisville combinations, prescribed. Lebanon Commercial Club v. L. & N. R. R. Co., 204.

REDUCTION IN RATES—Continued.

Reasonable rates prescribed on cottonseed meal and cake from El Centro and Calexico, Cal., to Galveston, Tex., for export, and from El Centro to El Paso. *Imperial Valley Cotton Co. v. S. P. Co.*, 215.

Reasonable rates fixed on anthracite coal from producing districts in Pennsylvania to tidewater ports and certain interior eastern points. Rates for Transportation of Anthracite Coal, 220 (285-288).

Reasonable rates on pig iron from Alabama and Tennessee to points in central freight association territory, prescribed. *Gloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co.*, 460 (462.)

REFUND.

Carriers must refund promptly all charges unlawfully collected; and payment to consignee named in bill of lading held valid where carrier was uninformed of contract relations between consignor and consignee. *Ludowici-Oeladon Co. v. F. E. O. Ry. Co.*, 81 (82).

REHEARING. See also SUPPLEMENTAL REPORTS.

Revenues of express companies held inadequate, and order modified to provide for additional revenues. Express Rates, 3.

Original report, 30 I. C. C., 36, prescribing rates and carload minimum weight for certain distances, modified. *Chattanooga Log Rates*, 163.

RELATIVE ADJUSTMENT.

Rates on window glass from Pittsburgh and from Clarksburg are practically on a parity. Readjustment of Morgantown rates ordered. *Athens Glass Co. v. B. & O. R. R. Co.*, 22 (25, 26).

Rate from Oklahoma to Kansas City as against the rate from Arkansas for a greater average distance is a relative adjustment without explanation on the record. *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (105).

No peculiar sanctity attaches to the rate parity maintained for cement between St. Louis and Louisville. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (122).

St. Louis-Louisville adjustment not a bar to lower rates from Cape Girardeau than from St. Louis. *Id.* (122).

RELATIVE RATES.

Comparisons indicate that rates for similar distances constructed on distance scales applicable in Illinois, Iowa, Minnesota, Missouri, and on C. F. A. scale, are much lower than cement rates here attacked. *Lehigh Portland Cement Co. v. B. & O. S. W. R. R. Co.*, 14 (18).

Rates on glass and glassware from Morgantown, Clarksburg, and Pittsburgh districts, compared. *Athens Glass Co. v. B. & O. R. R. Co.*, 22 (24-25).

Rates on high explosives in New England, trunk line, and C. F. A. territories, compared. *Nitro Powder Co. v. West Shore R. R. Co.*, 77 (79, 80).

Rates on drain tile and brick from Des Moines and Mason City, Iowa, compared with rates involved. *Drain Tile from Illinois Points*, 83 (85).

Rates on cottonseed products in Kansas, Oklahoma, and Missouri, compared. *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (102).

Rates and short-line mileages from gas-belt points, Hannibal, St. Louis, and Cape Girardeau to Arkansas and Louisiana points, compared. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (112-113).

Only rate relationships are involved and comparisons by means of shortest routes from all points are competent. *Id.* (113).

Exhibits show that building material takes differentials ranging from 1 cent to 3 cents over rates on lumber in and between other territories. *Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co.*, 150 (152).

RELATIVE RATES—Continued.

Official and southern classification ratings on mangrove bark, myrobalana, valonia, and other tanning extracts, compared. *National Asso. of Tanners v. L. V. R. R. Co.*, 175 (176).

Rates prescribed by railroad commissions of southern and other states, rates to various southern and eastern competitive points, and certain rates approved by this Commission in certain cases cited in comparison with rates to New Orleans. *Coal and Coke Rates in the Southeast*, 187 (191, 192, 195).

Rates and distances to Memphis from various coal fields. *Id.* (195, 198).

Distances and rates between various points in central Kentucky, and from Cincinnati to central Kentucky and certain Indiana points, shown. *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (207).

Standard of rates from and to other junction points in southern states not a fair measure of the reasonableness of rates to and from Lebanon and Springfield, Ky. *Id.* (213).

Comparisons of rates and revenues between various points are of value, but are not conclusive in the absence of supporting proof of similar transportation conditions. *Imperial Valley Cotton Co. v. S. P. Co.*, 215 (217).

Record does not show that lower New York-Jersey City rates to near-by points on rail line constitute a standard of what are just and reasonable rates thereto from Yonkers. *Federal Sugar Refining Co. v. C. R. R. Co. of N. J.*, 488 (491).

Comparisons of grain rates in central freight association and western territories are of little or no value, because there is no substantial identity in articles comprised in same numbered classes east and west, and because of widely different rates in same class for about the same distance. *1915 Western Rate Advance Case*, 497 (573).

Rates on packing-house products in central freight association, western trunk line, and western classification territories, compared. *Id.* (593).

Table showing for representative southwestern shipments comparisons of proposed rates on packing-house products with rates on fifth and third classes. (Leland's Exhibit 9.) *Id.* (597).

Representative bituminous coal rates on which increases are proposed. (Miller Exhibit 4.) *Id.* (604).

Comparison of rates in different regions on broom corn. *Id.* (617, 619).

Rates in southwest are on a higher basis than rates in other and more thickly populated parts of the country. *Id.* (624).

Interstate rates from points in South Dakota to Sioux City, Iowa, compared with Iowa distance rates. *Live-Stock Rates from Colorado Points to Omaha*, 682 (689).

REMOVAL OF FREIGHT. See also DUTY OF CARRIER; FREE TIME.

To allow carrier option of removing freight to public warehouse at any time within storage period would afford great opportunity for discrimination between shippers, and must be disapproved. *Lighterage and Storage Regulations at New York*, 47 (48).

REPAIRS AND RENEWALS.

Table 8 showing locomotive and freight-car repairs, renewals, and depreciation compared with tractive power and capacity, respectively, western and southwestern roads. *1915 Western Rate Advance Case*, 497 (516).

RES ADJUDICATA.

The technical plea of *res adjudicata* has no application to an order of the Commission. *Federal Sugar Refining Co. v. C. R. R. Co. of N. J.*, 488 (490).

RESHIPING. See also TRANSIT PRIVILEGES.

About 1870 the practice of rebilling or reshipping grain was inaugurated at Nashville. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (480).

RETURN ON INVESTMENT. *See* INCOME.

RETURNED EMPTY. *See* EMPTY MOVEMENT.

REVENUE. *See also* AVERAGES; TABLES; TON PER MILE.

Express companies' revenues are not adequate, and additional revenues are necessary in order that they may maintain the required standard of service. Express Rates, 3 (10).

Total operating revenue, total freight revenue, and anthracite coal revenue, during six years 1908 to 1913. Rates for Transportation of Anthracite Coal, 220 (274).

Table 25 showing present actual revenues produced by particular commodities and estimated revenues required. 1915 Western Rate Advance Case, 497 (563).

ROUND-TRIP TICKETS. *See* TICKETS.

ROYALTY EARNINGS. *See* OFFSETS.

RULE TO SHOW CAUSE.

Previous order reaffirmed. *Duncan & Co. v. N., C. & St. L. Ry.*, 477.

SCRIP BOOKS.

Transcontinental scrip books require a substantial outlay and are not in very extensive use. The Ogden Gateway Case, 131 (138).

SEASONAL TRAFFIC.

Movement of live stock is seasonal, but is fairly regular and can be provided for in advance with reasonable certainty. 1915 Western Rate Advance Case, 497 (584).

Variation maximum and minimum tonnage indicates that movement of bituminous coal is seasonal. *Id.* (605-606).

Fruit and vegetable traffic is seasonal. *Id.* (623).

Movement of live stock is heavy at some seasons of the year and light at others, and may be termed periodic, but it is not spasmodic. Live-Stock Rates from Colorado Points to Omaha, 682 (685).

SECTION 1.

Federal Sugar Refining Co. v. C. R. R. Co. of N. J., 488 (490); *Seymour v. M. L. & T. R. R. & S. S. Co.*, 492.

SECTION 3. *See also* PREFERENCES AND PREJUDICES.

Duncan & Co. v. N., C. & St. L. Ry., 477 (483, 484).

SECTION 4. *See also* LONG AND SHORT HAUL; THROUGH AND LOCAL.

Rates on Grain Milled in Transit, 27 (31); *McCaull-Dinsmore Co. v. M. P. Ry. Co.*, 69 (70); *Nebraska Bridge Supply & Lumber Co. v. A. G. S. R. R. Co.*, 90; The Ogden Gateway Case, 131 (142); *Yellow Pine Sash, Door & Blind Mfrs. Assn. v. S. Ry. Co.*, 150 (156); Coal and Coke Rates in the Southeast, 187 (196); *Lebanon Commercial Club v. L. & N. R. R. Co.*, 204 (211); *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (479, 484).

SECTION 5.

Steamer Lines on Chesapeake Bay, 692.

SECTION 6.

Columbia Gold Mining Co. v. O.-W. R. & N. Co., 42 (44); *Federal Sugar Refining Co. v. C. R. R. Co. of N. J.*, 488 (490).

SECTION 15.

The Ogden Gateway Case, 131 (139, 140, 141); Rates for Transportation of Anthracite Coal, 220 (243, 244, 289); *Federal Sugar Refining Co. v. C. R. R. Co. of N. J.*, 488 (490).

SECTION 22.

Rules and Regulations Governing Checking of Baggage, 157 (160).

SELLING PRICE.

Rates based on a percentage of the selling price of a commodity whose selling price increased from year to year would naturally climb to an excessive basis. Rates for Transportation of Anthracite Coal, 220 (230).

SEPARATION OF EXPENSES.

One of the principal criticisms directed to cost computations is that it is impossible to allocate or separate accurately expenses which are chargeable to freight service and passenger service, respectively. *Appendix. Rates for Transportation of Anthracite Coal*, 220 (350).

If a division of expenses between freight and passenger traffic were available, the arbitrary device for obtaining the equated traffic unit would not be used. 1915 Western Rate Advance Case, 497 (509).

SET-OFF. See UNDERCHARGES.

SHORT HAUL.

Union Pacific's definite legal right under section 15 not to be short hauled against its will and consent not disregarded. *The Ogden Gateway Case*, 131 (141).

Contention of the D. & R. G. that it will be subjected to undue discrimination if the U. P. refuses longer to be short hauled between Denver and Ogden while it permits the prairie lines to short haul it from Kansas City and Omaha to Denver is without force. *Id.* (141).

SHORT-LINE DISTANCE.

From Memphis to St. Louis and Kansas City are 305 and 484 miles, respectively, over the St. L. & S. F. R. R. *Oklahoma Cottonseed Crushers Assn. v. M., K. & T. Ry. Co.*, 94 (104).

"SHRINKAGE RATES."

Increased rates resulting from combination of proposed proportional rate from East St. Louis and so-called "shrinkage rates" south of Louisville or Cincinnati not justified. *Rates on Grain Milled in Transit*, 27 (28).

SLEEPING-CAR ACCOMMODATIONS.

Proposed rules prohibiting through checking of baggage and sale of through parlor or sleeping car tickets on combination tickets found not justified. *Rules and Regulations Governing Checking of Baggage*, 157.

SMALL SHIPMENTS.

Each requires making out of waybill, an expense bill, and all of the other clerical work required by the ordinary l. c. l. shipment. *Regulations as to Storage of Dairy Products*, 469 (473).

SOUTHWESTERN TARIFF COMMITTEE.

Jurisdiction of, defined. 1915 Western Rate Advance Case, 497 (503).

SPECIAL SERVICES.

Live-stock traffic involves a special service more expensive than that required for ordinary commodities. 1915 Western Rate Advance Case, 497 (580).

Incident to movement of live-stock trains, discussed. *Id.* (584).

Special services in particular localities should be paid for by special charge and the cost not distributed generally among all the rates upon a commodity. *Id.* (630).

STATE AND INTERSTATE.

Petitioners have cooperated earnestly and fairly in an effort to secure uniformity of rates for state and interstate business. *Express Rates*, 3 (13).

The difference in the level of state and interstate rates held to be a material factor in judging of the propriety of proposed increased rates. 1915 Western Rate Advance Case, 497 (589).

The incongruity between the proposed interstate rates and the intrastate scale is a circumstance which goes vitally to the propriety of rates under suspension. *Live-Stock Rates from Colorado Points to Omaha*, 682 (689).

STATE CONTROL.

To fit the interstate minimum to each state would result in state regulation of interstate commerce. 1915 Western Rate Advance Case, 497 (576).

STATE RATES.

The rates, rules, and regulations prescribed by this Commission have been adopted for intrastate express business in 40 states. Express Rates, 3 (4).

Maximum mileage rates applicable to one-line movements in Iowa have been filed with Commission. *McCaull-Dinsmore Co. v. M. P. Ry. Co.*, 69 (71).

Tariffs naming Oklahoma and Missouri rates carry notices that rates were prescribed by respective state commissions and were adopted under protest. *Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co.*, 94 (103).

Illinois commission limits extent of blanket adjustments. *Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co.*, 109 (124).

Rates prescribed by state railroad commissions of southern and other states compared. *Coal and Coke Rates in the Southeast*, 187 (197).

Rates on cottonseed meal and cake from Texas milling points were either prescribed or influenced by Texas commission. *Imperial Valley Cotton Co. v. S. P. Co.*, 215 (219).

Local class rates in all states named, except Kansas, in which readjustment practice prevails have been reduced by legislative authority. Regulations as to Storage of Dairy Products, 469 (473).

STATISTICAL DATA. See FINANCIAL STATEMENTS; TABLES.

STATUTE OF LIMITATIONS. See LIMITATION OF ACTION.

STOCK OWNERSHIP. See also ANTHRACITE COAL CARRIERS; COMMODITIES CLAUSE.

Stock of the O.-W. R. & N. Co. is owned by the O. S. L., which in turn is owned by the U. P. *The Ogden Gateway Case*, 131 (134).

With stated exceptions, stocks of coal companies that ship the largest portion of total tonnage of anthracite over railway lines of the initial carriers are owned by the carriers as shown. Rates for Transportation of Anthracite Coal, 220 (225-226).

No opinion as to legality of ownership by carriers of capital stock in large shipping corporations expressed. *Id.* (254).

Stocks of coal companies owned by carriers. *Appendix*, *Id.* (302).

General balance sheets of the large coal companies showing carrier owning capital stock of each. *Appendix*, *Id.* (373, 376).

STOCKS AND BONDS. See also CAPITAL STOCK.

Investments made by carriers in stock and bonds of coal companies and unsecured loans and advances extended. Rates for Transportation of Anthracite Coal, 220 (284).

Table 20 showing net cost of road and equipment, total capitalization, and per cent stocks and bonds are of total. 1915 Western Rate Advance Case, 497 (534).

Increasing percentage of bonds to carriers' total capital obligations indicates a growing disinclination to invest in their stocks. *Id.* (540).

STORAGE. See also TRACK STORAGE.

A consignee of freight has no legal right to use a car as a warehouse or storage plant. *Milwaukee Produce & Fruit Exchange v. C. & N. W. Ry. Co.*, 33 (35).

Reduction of period of free storage at Jersey shore from 10 to 5 days on freight for New York consumption, justified except as to coastwise traffic. *Lighterage and Storage Regulations at New York*, 47 (55, 56).

Railroad companies are under obligation to store freight only for such period as may be required to afford shippers a reasonable opportunity to remove it. *Id.* 47 (56).

Increase of storage charge to 1 cent per 100 pounds for each 10 days or fraction thereof, justified. *Id.* (56).

Reduction of period of free storage at railroad pier stations of domestic inbound freight from 3 to 2 days not justified. *Id.* (57).

STORAGE—Continued.

A reasonable charge for storage at pier stations in excess of 3 days may be proper; but proposed charge of 3 cents per 100 pounds for period of 1½ days is not justified. *Id.* (58).

Proposed allowance of 5 days succeeding free time, at a charge of 1 cent per 100 pounds per day, carrier to have option of removing to public warehouse, etc., not justified. *Id.* (58).

Reduction of period of free time from 10 to 2 days for storage of export l. c. l. freight at railroad pier stations on Manhattan Island or in Brooklyn, disapproved. *Id.* (58).

Proposed increased charges for handling and storing heavy iron and steel articles, cooperage stock, and sawed stone, justified. *Id.* (59).

Stocks of coal in storage owned by carrier. *Appendix.* Rates for Transportation of Anthracite Coal, 220 (332).

Proposed cancellation of rules as to storage in transit, not justified. Regulations as to Storage of Dairy Products, 469 (470).

SUPPLEMENTAL REPORTS.

Supplemental report of Commission on petition to prescribe divisions. Coal Rates from Oak Hills, Colo., 456.

Reasonable rates on pig iron prescribed. Divisions between carriers operating north and south of Ohio River prescribed. Sloes-Sheffield Steel & Iron Co. v. L. & N. R. R. Co., 460.

Fourth supplemental report. Increase of divisions and prayer for reparation denied. The Tap Line Case, 485.

Previous order reaffirmed. Duncan & Co. v. N., O. & St L. Ry., 477.

SWITCHING.

Increases proposed in respondent's switching charge to the Alexandria Paper Company not justified, but permission given to publish a flat charge not in excess of \$4 per car. Switching Charges at Alexandria, Ind., 494.

Cost of switching cars to and from Alexandria Paper Company's plant, considered. *Id.* (495).

Switching expenses at terminals have increased, but such increases should not necessarily result in increased rates to shippers. Live-Stock Rates from Colorado Points to Omaha, 682 (685).

SYSTEM. See also INTERCORPORATE RELATIONSHIP.

The O.-W. R. & N. Co., O. S. L., and U. P. are operated under a common management and control, and may be said to constitute one system extending from Missouri River to Pacific Coast. The Ogden Gateway Case, 131 (134).

TABLES.

TABLE I.—Condensed income statement per mile of line, averaged by period. *Appendix.* Rates for Transportation of Anthracite Coal, 220 (377).

TABLE II.—Condensed income and profit and loss statement:

Central Railroad Co. of New Jersey. *Id.* (378).

Delaware & Hudson Co. *Id.* (384).

Delaware, Lackawanna & Western Railroad Co. *Id.* (382).

Erie Railroad Co. *Id.* (392).

Lehigh Valley Railroad Co. *Id.* (386).

New York, Ontario & Western Railway Co. *Id.* (398).

New York, Susquehanna & Western Railroad Co. *Id.* (396).

Northern Central Railroad Co. *Id.* (390).

Pennsylvania Railroad Co. *Id.* (388).

Philadelphia & Reading Railway Co. *Id.* (380).

Wilkes-Barre & Eastern Railroad Co. *Id.* (394).

TABLES—Continued.

TABLE III.—Per mile of line averages of items in the condensed income and profit and loss statement:

Central Railroad Co. of New Jersey. Id. (400).
 Delaware & Hudson Co. Id. (406).
 Delaware, Lackawanna & Western Railroad Co. Id. (404).
 Erie Railroad Co. Id. (414).
 Lehigh Valley Railroad Co. Id. (408).
 New York, Ontario & Western Railway Co. Id. (420).
 New York, Susquehanna & Western Railroad Co. Id. (418).
 Northern Central Railroad Co. Id. (412).
 Pennsylvania Railroad Co. Id. (410).
 Philadelphia & Reading Railway Co. Id. (402).
 Wilkes-Barre & Eastern Railroad Co. Id. (416).

TABLE IV.—Statement for comparison of certain statistical data, anthracite carriers and other carriers, year ended June 30, 1913. Id. (422-425).

TABLE V.—Statement of mileage and traffic statistics:

Central Railroad Co. of New Jersey. Id. (426).
 Delaware & Hudson Co. Id. (432).
 Delaware, Lackawanna & Western Railroad Co. Id. (430).
 Erie Railroad Co. Id. (440).
 Lehigh Valley Railroad Co. Id. (434).
 New York, Ontario & Western Railway Co. Id. (446).
 New York, Susquehanna & Western Railroad Co. Id. (444).
 Northern Central Railroad Co. Id. (438).
 Pennsylvania Railroad Co. Id. (436).
 Philadelphia & Reading Railway Co. Id. (428).
 Wilkes-Barre & Eastern Railroad Co. Id. (442).

TABLE VI.—Statement of revenues and expenses of anthracite coal and other freight transported by roads named during years ended June 30, indicated. Id. (448-451).

TABLE VII.—Statement of tonnage, ton-mileage, etc., of anthracite coal and other freight transported by roads named during years ended June 30, indicated. Id. (452-455).

TABLE 1.—Operating ratios by groups of roads: 1901-1914. 1915 Western Rate Advance Case, 497 (507).

CHART A.—Same. Data from Table 1. Id. (507).

TABLE 2.—Various comparisons of revenue per ton-mile, per passenger mile, and revenues and expenses per equated traffic unit: 1901-1914. Id. (510).

TABLE 3.—Effect of wage increases on operating ratio. (Increase 1914 over 1900 in average daily compensation in separate classes of employment applied to number of days worked in each class.) Id. (512).

TABLE 4.—Labor compensation compared with total operating revenues and total operating expenses: 1901-1914. Id. (513).

TABLE 5.—Taxes compared with operating revenues: 1901-1914. Id. (513).

TABLE 6.—Ratio of maintenance expenses and other operating expenses to total operating revenues: 1901-1914. Id. (514).

CHART B.—Ratio of (A) maintenance of way and structures; (B) maintenance of equipment; and (C) other operating expenses to operating revenues. Data from Table 6 for 41 roads. Id. (515).

TABLE 7.—Maintenance expenses, and investment compared, 8 roads: 1899-1914. Id. (516).

TABLE 8.—Locomotive and freight-car repairs, renewals, and depreciation compared with tractive power and capacity, respectively, western and southwestern roads: 1908-1914. Id. (516).

TABLES—Continued.

TABLE 9.—Ratios of certain accounts to operating revenues, western and south-western railroads: 1901-1914. Id. (517).

TABLE 10.—Effect of accounting for depreciation on operating ratio, 23 representative roads: 1908-1914. Id. (519).

TABLE 11.—Comparison of increase in net cost of road and equipment with increase in operating income (less net rentals for lease of road), for a six-year period. Id. (521).

TABLE 12.—Net cost of road and equipment and operating income (minus rents for lease of road): 1901-1914. Id. (523).

TABLE 13.—Ratio of net operating income (after deduction of taxes, hire of equipment, joint facility, and miscellaneous rents) to property investment: 1901-1914. Id. (524).

CHART C.—Ratio of operating income less rental to net cost of road and equipment. Data from Tables 12 and 13. Id. (524).

TABLE 14.—Ratio of net operating income to net cost of road and equipment, 10 selected roads: 1901-1914. Id. (525).

TABLE 15.—Returns to labor and capital compared: 1901-1914. Id. (526).

TABLE 16.—Per cent operating income is of assumed valuation ranging from \$30,000 to \$50,000 per mile of road: 1913 and 1914. Id. (527).

TABLE 17.—Valuation per mile main roadway by state commissions compared with valuation by engineer of Minnesota Railroad & Warehouse Commission. Id. (530).

TABLE 18.—Average yields of bonds of railways and other industries: 1900-1914. Id. (531).

TABLE 19.—Average relative prices of commodities: 1890-1914. Id. (532).

CHART D.—Relative figures of commodity prices and railway revenues per equated traffic unit: 1901-1914. (Tables 2 and 19.) All data from exhibits of protestants. Id. (533).

TABLE 20.—Net cost of road and equipment, total capitalization, and per cent stock and bonds are of total: 1901-1914. Id. (534).

TABLE 21.—Investment experience of eight western railroads: 1890-1914. Id. (535).

TABLE 22.—Ratio of net corporate income, increased by amount of interest, to total capital obligations, and net corporate income to total stocks outstanding: 1901-1914. Id. (536).

TABLE 23.—Cost of road and equipment and number of equated traffic units: 1901-1914. Id. (537).

CHART E.—Equated traffic units and net cost of road and equipment, total and per mile for 41 roads: 1901-1914. Id. (538).

TABLE 24.—Cost of road and equipment, equated traffic units and operating income, C. & N. W. Ry., C., B & Q. R. R., and M., K. & T. lines: 1901-1914, per mile and relative figures. Id. (539).

CHART F.—Cost of road and equipment per mile owned; operating income and equated traffic units per mile operated: 1901-1914. Id. (541).

TABLE 25. Showing the present actual revenues and estimated revenues required for the C. & N. W. Ry. and C., R. I. & P. Ry. Id. (563).

TABLE 26.—Comparison of actual and theoretical net ton-mile earnings from various commodities: 1914. Id. (565).

TABLE 27.—Comparison of actual and theoretical net ton-mile earnings from various commodities, Rock Island lines and C. & N. W. Ry.: 1914. Id. (565).

TABLE 28.—Revenue per ton-mile and per gross ton-mile for various commodities, 1914 (six lines). Id. (587).

TABLES—Continued.

- TABLE 29.—Traffic statistics C., B. & Q. R. R., year ending June 30, 1914. Id. (588).
- TABLE 30.—Operating ratios for five selected railroads: 1901-1914. *Appendix*. Id. (641).
- TABLE 31.—Ratio of operating expenses (not including taxes and rentals) to operating revenues, 1901-1914, for 9 western railroads shown in statistical tables submitted by Frank Lyon in the *Western case* of 1910, Docket 3500. Id. (642).
- TABLE 32.—Operating ratios of C., B. & Q. R. R.: 1901-1914. Id. (642).
- TABLE 33.—Additions of equipment and renewals of rails and ties, western and southwestern roads: 1908-1914. Id. (643).
- TABLE 34.—Expenditures for maintenance per mile of line and density of traffic, eastern, southern, western, and selected railroads: 1913. Id. (643).
- TABLE 35.—Ton-miles and passenger miles per car-mile and per train-mile, western and southwestern roads: 1901-1914. Id. (644).
- TABLE 36.—Ton-miles per car-mile, per loaded car-mile, and per train-mile, selected roads: 1901-1914. Id. (644).
- TABLE 37.—Further illustration of utilization of freight cars: 1908-1914. Id. (645).
- TABLE 38.—Effect of wage increases on operating ratio, etc., Commission's compilation. Id. (645).
- TABLE 39.—Net cost of road and equipment per mile of line owned and per mile of line operated, compared with total operating revenues and operating income: 1908-1914. Id. (646).
- TABLE 40.—Net cost of road and equipment per mile of line owned and per mile of line operated, compared with total operating revenues and operating income per mile: 1908-1914. Id. (647).
- TABLE 41.—Increase in net cost of road and equipment and amount of additions and betterments since June 30, 1907, compared with book value of June 30, 1914. Id. (648).
- TABLE 42.—Remainder of net corporate income applicable to common stock after allowing dividends on preferred stock whether paid or not. Id. (648).
- TABLE 43.—Average prices, actual and relative, of railroad and industrial stocks: 1890-1914. Id. (649).

TAP LINES.

- Decision of Supreme Court in *Tap Line Cases*, 234 U. S., 1, vitiates contention that complainants had a proprietary interest in tap lines participating in rates condemned which disentitles them to reparation. *Louisiana Central Lumber Co. v. C., B. & Q. R. R. Co.*, 38 (41).
- Modification of orders in the *Tap Line case* in favor of petitioner beyond rates sanctioned by Commission's order of July 29, 1914, not justified. *The Tap Line Case*, 485.
- Petition for increased divisions and reparation denied. Id. (487).

TARIFFS.

- Suspended tariffs are uncertain, defective, and ambiguous, and must be withdrawn and rewritten; and Commission believes that a joint tariff should be issued containing rules common to all carriers and eliminating all features of unjust discrimination or other impropriety. *Lighterage and Storage Regulations at New York*, 47 (68).
- Payment of "lateral allowances" is unlawful as being a departure from published tariffs. *Rates for Transportation of Anthracite Coal*, 220 (243).
- Coal companies receiving offsets in the form of royalty earnings have not in fact paid the published tariff rates. Id. (245).

TAXES AND RENTALS.

In gauging the profitableness of railroad industry the inclusion of taxes and rentals along with operating expenses may more accurately mirror its situation than the use of the operating ratio. 1915 Western Rate Advance Case, 497 (505).

Table 5, showing taxes compared with operating revenues: 1901-1914. The amount paid in taxes by carriers, parties to this case, shows a material increase. Id. (513).

TEAM TRACK. *See* **TRACK STORAGE.**

TELEGRAPH MESSAGES.

Free transmission of messages of coal company via wires of carrier was discontinued during investigation. *Appendix.* Rates for Transportation of Anthracite Coal, 220 (316, 335).

TEMPLE IRON COMPANY. *See* **MONOPOLY.**

TERMINAL ALLOWANCES. *See* **ALLOWANCES.**

TERMINAL DELIVERY.

It is a universal rule for carriers to accord free delivery on their own terminals of traffic upon which they receive a line haul; but the fact, referred to in original report, that this rule is observed by the A. G. S., appears to be without special significance. Chattanooga Log Rates, 163 (167).

TERMINAL FACILITIES.

It is duty of carriers to make reasonable effort to provide adequate terminal and other facilities. Lighterage and Storage Regulations at New York, 47 (53).

Facilities for delivering freight are not as good at a pier station as at the ordinary freight terminal with freight house and team tracks. Id. (57).

TERMINAL SERVICE.

Introductory statement describing various terminal services at New York. Id. (49-51).

Record does not justify conclusions as to whether terminal service at New York is unjustly discriminatory as compared with that at other cities. Id. (52).

Carriers can not segregate a terminal service, heretofore treated as a part of transportation service covered by the freight rate, and assign to it a separate charge, without taking into consideration the entire through service of which it forms a part and the compensation heretofore received for such through service. Id. (61).

THEORETICAL RATES.

Used as a comparison. 1915 Western Rate Advance Case, 497 (562-563).

THROUGH AND LOCAL.

Rates on corn and oats from Iowa points to Leavenworth and Atchison, Kans., and Kansas City and St. Joseph, Mo., held unreasonable to extent they exceeded aggregates of intermediates. McCaull-Dinsmore Co. v. M. P. Ry. Co., 69.

Applications for relief from the fourth section denied. Id. (71).

Joint rates in excess of aggregate of intermediate rates on low-grade cedar lumber to Atlanta, Ga., canceled. Nebraska Bridge Supply & Lumber Co. v. A. G. S. R. R. Co., 90 (92).

Lumber rates assailed as in violation of aggregate of intermediates' rule are protected by applications and will not be passed upon here. Yellow Pine Sash, Door & Blind Mfrs. Asso. v. S. Ry. Co., 150 (156).

Charges on corn from points in Iowa and Nebraska to Minneapolis, Minn., re-shipped thence to California, found unlawful to extent they exceeded charges based on the joint through rate. Van Dusen Harrington Co. v. C., M. & St. P. Ry. Co., 172

THROUGH RATES.

By forming through routes and publishing through rates carriers have merged their lines into one route or line so far as traffic covered by such through rates is concerned. Rates on Grain Milled in Transit, 27 (32).

THROUGH RATES—Continued.

Maximum mileage rates applicable to one-line movements in Iowa have been filed, and in absence of other rates applicable may be used in constructing through interstate rates. *McCaull-Dinamore Co. v. M. P. Ry. Co.*, 69 (71).

Should have applied on corn from Iowa and Nebraska via Minneapolis to California. *Van Dusen Harrington Co. v. C., M. & St. P. Ry. Co.*, 172.

Allegation that through rates on walnut lumber make lower on Chicago than on Mississippi River is unfounded. *Des Moines Saw Mill Co. v. M. & St. L. R. R. Co.*, 182 (185).

Where there is a different rate on grain and its product, the rate on the higher rated commodity determines the amount of the through rate. 1915 Western Rate Advance Case, 497 (568).

On clean rice from Arkansas, Louisiana, and Texas to Southeastern territory are based on Memphis and New Orleans. *Id.* (615).

Except to Mississippi River points, there are no through rates from Buffalo to points west of Chicago, Ill. Anthracite Coal Rates to Chicago, Ill., and Other Points, 702 (703).

THROUGH ROUTES.

As a single through route or line, carriers can not withhold from some points on that route valuable services which they voluntarily perform at other points thereon. Rates on Grain Milled in Transit, 27 (32).

There is no general demand for a through route in addition to defendant's direct route. Joint rate canceled. *Columbia Gold Mining Co. v. O.-W. R. & N. Co.*, 42 (43).

A through route in the sense in which this term is generally used embraces two or more lines of railroad moving traffic under conventional agreements at rates or fares made applicable for through service between designated points. The Ogden Gateway Case, 131 (142).

THROUGH ROUTES AND JOINT RATES.

Should be established on high explosives to New England points and joint rates not in excess of first class for carloads, and double first class for less than carloads. Nitro Powder Co. v. West Shore R. R. Co., 77 (79).

On cement from Cape Girardeau to southern Illinois points, prescribed. Cape Girardeau Portland Cement Co. v. St. L. & S. F. R. R. Co., 109 (127).

Commission has no power to prevent cancellation of, voluntarily established by carriers when circumstances and conditions are such as would not warrant an order by Commission to compel such arrangements if not already in effect. The Ogden Gateway Case, 131.

Every such controversy must be considered in the light of all the facts and conditions surrounding it. *Id.* (140).

The long continuance of, has never been held to be a controlling factor in any case. *Id.* (140).

The withdrawal of joint fares does not close a through route in the sense that passengers may no longer have a through service. *Id.* (142).

Carriers will be required to establish, of which other shippers may avail, such as will neutralize any such undue benefit heretofore enjoyed by coal operations of railroad ownership. Rates for Transportation of Anthracite Coal, 220 (289).

Between points in trunk line territory and Duluth, Minn., and points west thereof, ordered to be established on lines of defendants in connection with water line Port Huron & Duluth S. S. Co. v. P. R. R. Co., 475.

Established on sugar from Yonkers, N. Y., to all points on line of the Central Railroad Co. of New Jersey. Federal Sugar Refining Co. v. C. R. R. Co. of N. J., 488.

Power of Commission to establish, and duty of carrier with respect thereto, set forth in sections 1, 6, and 15. *Id.* (490).

TICKETS. *See also* COMBINATION TICKETS; COMMUTATION FARES.

Tariffs should be modified by making round-trip tickets to Yellowstone Park available in one direction over the D. & R. G. The Ogden Gateway Case, 131 (142).

Proposed rules prohibiting through checking of baggage and sale of parlor or sleeping car tickets on combination tickets found not justified. Rules and Regulations Governing Checking of Baggage, 157.

TIDEWATER.

Rates to Tidewater, and tidewater selling price, discussed. Rates for Transportation of Anthracite Coal, 220 (227).

Two schedules of rates to tidewater in effect on the D., L. & W. R. R. in November, 1912. *Appendix.* Id. (334).

TON-MILEAGE. *See* TABLES.**TON PER MILE REVENUE.** *See also* AVERAGES; TABLES.

Ton-mile earnings are concededly low. Rates on Grain Milled in Transit, 27 (29). On explosives from Kingston and Port Ewen, N. Y., to Boston. Nitro Powder Co. v. West Shore R. R. Co., 77 (78).

Ton-mile earnings on coal to New Orleans compared with same from mines in Illinois and Indiana to Chicago. Coal and Coke Rates in the Southeast, 187 (193).

Revenues per ton (2,000 pounds) per mile on anthracite coal transported to Buffalo via various routes, shown. Rates for Transportation of Anthracite Coal, 220 (265).

Commission has many times held that owing to different transportation conditions north and south of Ohio River southern carriers are entitled to higher ton-mile earnings. Sloss-Sheffield Steel & Iron Co. v. L. & N. R. R. Co., 460 (467).

Ton-mile revenues do not constitute a criterion for changes in rates. 1915 Western Rate Advance Case, 497 (510).

Tables 26 and 27 comparing actual and theoretical net ton-mile earnings from various commodities. Id. (565).

"Ton-mile revenue under grain rates from northwest," rates said to have been approved in several cases. Id. (571).

Table 28 showing revenue per net ton-mile and per gross ton-mile for various commodities, 1914 (six lines). Id. (587).

Rates and revenues per net ton-mile from New Orleans to St. Louis, Milwaukee, and Kansas City on brewers' rice and other commodities compared. Id. (613).

Existing broom corn rates, revenues per ton mile and per car mile, and distance, shown. Id. (619).

TONNAGE. *See also* TABLES.

Business from cottonseed products has grown from nothing to approximately 125,000 tons per year. Oklahoma Cottonseed Crushers Asso. v. M., K. & T. Ry. Co., 94 (102).

Of coal moving to New Orleans by water. Coal and Coke Rates in the Southeast, 187 (188, 189).

Movement of coke to Mississippi Valley territory, except to New Orleans, is small. Id. (203).

Of anthracite coal shipped from the Wyoming, the Lehigh, and the Schuylkill regions of Pennsylvania was 3,358,899 in the year 1850, 16,182,191 in 1870, 36,615,459 in 1890, 45,107,484 in 1900, and 71,295,716 tons in 1913. Rates for Transportation of Anthracite Coal, 220 (223).

Table showing ratio of tonnage shipped by affiliated coal company to total tonnage of all shippers. Id. (226).

Has increased 58 per cent since 1900. Id. (261).

TONNAGE—Continued.

Tonnage (gross tons) of anthracite coal shipped from the three trade regions, and tonnage shipped from washeries, shown. *Appendix*. Id. (293).

Of anthracite coal shipped each month of the five years 1909 to 1913, inclusive. *Appendix*. Id. (295).

Distribution, by sizes, of anthracite coal transported by respondents during year ended June 30, 1912. *Appendix*. Id. (295).

Table showing origin and distribution, by sizes, of anthracite transported by the P. R. R. Co. and the N. C. R. R. Co. *Appendix*. Id. (296).

Statement of anthracite tonnage and revenue for years 1880, 1890, 1900, 1910, and 1913. *Appendix*. Id. (340).

Statement showing volume of anthracite tonnage of respondents in comparison with volume of their other classes of freight traffic and proportion of both anthracite coal and other commodities received from connecting carriers. *Appendix*. Id. (343).

Large tonnage of anthracite coal loaded in each car, discussed, and table showing average net tons cargo loaded in each car. *Appendix*. Id. (347).

Statement of freight in carloads handled by the Burlington shows that it takes more cars to haul the same weight of live stock than the average of all traffic. 1915 Western Rate Advance Case, 497 (585).

The all-rail movement of anthracite coal to Chicago is annually about 2,500,000 tons, and movement by water in 1913 was 1,083,712 tons. Anthracite Coal Rates to Chicago, Ill., and Other Points, 702 (703).

TOWING.

Proposed increased charges for towing freight to points outside the free lighterage limits, not justified. Lighterage and Storage Regulations at New York, 47 (65).

TRACK STORAGE.

Team-track storage charges in Milwaukee not unreasonable. *Milwaukee Produce & Fruit Exchange v. C. & N. W. Ry. Co.*, 33.

No unjust discrimination shown from fact that tariffs naming track-storage charges did not include private and industry tracks. Id. (35).

Charges should apply to yard or tracks where evil sought to be remedied exists, and not elsewhere. Id. (35).

Track-storage charges are but additional demurrage charges made necessary by conditions in city yards. Id. (35).

TRAFFIC CONDITIONS. *See JUDICIAL NOTICE.***TRAFFIC STATISTICS.** *See TABLES.***TRAIN MOVEMENT.**

Recapitulation of 10 selected solid anthracite trains moving from Mauch Chunk, Pa., to tide during November, 1912. *Appendix*. Rates for Transportation of Anthracite Coal, 220 (364).

Of 36 selected mixed trains. Id. (365).

Of 30 selected empty trains from tide to Mauch Chunk. Id. (366).

Of 10 selected mixed trains moving from Ashley, Pa., to Mauch Chunk. Id. (367).

Of 10 selected empty trains moving from Mauch Chunk to Ashley. Id. (367).

Per cent of gross tons to rated capacity of engine on various roads, and summary of a study of movement of all trains on the I. & G. N. R. R. in and out of San Antonio, Tex., for a stated period. 1915 Western Rate Advance Case, 497 (581).

Tractive power of locomotive and train movement, discussed. Id. (582).

TRAIN SPEED. *See also EXPEDITED FREIGHT.*

The fastest passenger trains over the direct route of the U. P. R. R. from Omaha to Ogden make the run in 19 hours less time than is required by the best train over the indirect route in connection with the D. & R. G. The Ogden Gateway Case, 131 (137, 139).

TRAIN SPEED—Continued.

The schedule time of live-stock trains has increased since 1903. 1915 Western Rate Advance Case, 497 (581).

Record indicates that speed of trains engaged in live-stock transportation has increased within the last five years. Live-Stock Rates from Colorado Points to Omaha, 682 (685).

TRAIN TONNAGE.

Anthracite coal is hauled in trains that transport maximum train tonnage. Rates for Transportation of Anthracite Coal, 220 (260).

Of anthracite coal. *Appendix. Id.* (346).

TRAINLOAD RATES.

Elimination of all trainload and multiple carload rates, justified. 1915 Western Rate Advance Case, 497 (578, 589).

TRAINLOADS.

There is little trainload movement of coal in the southwest. 1915 Western Rate Advance Case, 497 (605).

TRANSIT.

Defined in territory where product rate was higher than grain rate and in western territory where rates on grain and its products are the same. 1915 Western Rate Advance Case, 497 (568).

TRANSIT PRIVILEGES.

So long as lines forming through routes allow transit on basis of through rates at some points they may be required to accord transit on same basis at other milling points on such through routes. Rates on Grain Milled in Transit, 27 (32).

Corn from Iowa and Nebraska accorded transit at Minneapolis and reforwarded to California should have moved at the joint through rate. *Van Dusen Harrington Co. v. C., M. & St. P. Ry. Co.*, 172.

About 1870 the practice of rebilling or reshipping grain was inaugurated at Nashville, this being the first transit privilege in the United States. *Duncan & Co. v. N., C. & St. L. Ry.*, 477 (480).

Maintenance of reshipping or rebilling privilege at Nashville not found to have been compelled by competition of boats on Cumberland River. *Id.* (483).

Granting of the rebilling or reshipping privilege at Nashville and denial of it at Atlanta and other cities constitutes a violation of section 3. *Id.* (484).

TRANS-MISSOURI FREIGHT BUREAU.

Jurisdiction of, defined. 1915 Western Rate Advance Case, 497 (502).

TWO-LINE HAUL.

Rule for computing charges on shipments over two or more lines on basis of 80 per cent of sum of locals applies only to Iowa intrastate traffic. *McCaull-Dinsmore Co. v. M. P. Ry. Co.*, 69 (71).

That rates should be higher for the two-line haul and greater distances involved fails to justify proposed increases. *Drain Tile from Illinois Points*, 83 (85).

UNCERTAINTY.

Uncertainty in service is as much to be condemned as uncertainty in rates. *Lighterage and Storage Regulations at New York*, 47 (58).

UNDERCHARGES.

May be taken into account in settlement of charges in excess of lawful rates. *McCaull-Dinsmore Co. v. M. P. Ry. Co.* 69 (72).

Taken into consideration in awarding reparation. *Nebraska Bridge Supply & Lumber Co. v. A. G. S. R. R. Co.*, 90 (93).

UNIFORM EXPRESS RATES.

Petitioners have cooperated earnestly and fairly in an effort to secure uniformity of rates for state and interstate business. *Express Rates*, 3 (4, 13).

UNIFORM RATES.

Rates on building material should bear a uniform relation to lumber rates.

Yellow Pine Sash, Door & Blind Mfrs. Assn. v. S. Ry. Co., 150 (155).

The rate to Buffalo from Pennsylvania mines will be uniformly \$2, regardless of destination. Anthracite Coal Rates to Chicago, Ill., and Other Points, 702 (704).

UNIFORM RATES AND PRACTICES.

May be discriminatory in absence of uniform circumstances and conditions.

Lighterage and Storage Regulations at New York, 47 (53).

USE.

There is no more justification for a lower rate on coal used for fuel on boats than there would be on coal for use on railroads. Coal and Coke Rates in the Southeast, 187 (190).

Carrier may not concern itself as to use made of coal. Id. (190).

Rates proposed for bunker coal are made dependent upon the use to which coal is to be put and are therefore unlawful. Id. (202).

VALUATION OF RAILROADS.

Work by the Commission has not as yet sufficiently advanced to afford definite knowledge of the true value of railroad properties involved in this proceeding. The Commission has been obliged to determine the justice and reasonableness of rates without having available for its use authoritative valuations of the carriers' property. 1915 Western Rate Advance Case, 497 (504).

Evidence not sufficient upon which to make a finding as to the fair value of property devoted to public service of transportation by carriers here seeking an increase of rates. Id. (529).

Table 17—Valuation per mile main roadway by state commissions compared with valuation by engineer of Minnesota Railroad & Warehouse Commission. Id. (530).

VALUE OF COMMODITY. See also PRICE.

Common logs, common lumber, cedar lumber. Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry., 86 (87); Same v. A. G. S. R. R. Co., 90 (91).

Coke said to be twice the value of coal. Coal and Coke Rates in the Southeast, 187 (203).

Inclusion of, as a determinant of the appropriate rate was intended to incorporate into theoretical rates a reflex of value of service to shipper as contrasted with cost of service to carrier. 1915 Western Rate Advance Case, 497 (563).

Average value per ton of animal products, year ending Sept. 8, 1914. Id. (593).

Coal is of low value, and the value of the particular commodity has always been regarded as a material fact to be considered in determining the rate. Id. (606).

VOLUME OF TRAFFIC. See also EXHIBITS; TONNAGE.

Volume of animal-products traffic is large. 1915 Western Rate Advance Case, 497 (593).

VOLUNTARY RATES. See also THROUGH ROUTES AND JOINT RATES.

Assertion that rates were established as an experiment and proved to be a mistake comes too late, at the end of 14 years. Nebraska Bridge Supply & Lumber Co. v. N., C. & St. L. Ry., 86 (89).

WAGES. See also LABOR.

Tables 3 and 38 showing effect of wage increases on operating ratio. 1915 Western Rate Advance Case, 497 (512, 645).

WAR IN EUROPE.

Throughout the south the lumber industry has suffered severely as a result of. Chattanooga Log Rates, 163 (168).

Business conditions in New Orleans said to be generally depressed on account of. Coal and Coke Rates in the Southeast, 187 (193).

WAREHOUSE.

A consignee of freight has no legal right to use a car as a warehouse or storage plant. *Milwaukee Produce & Fruit Exchange v. C. & N. W. Ry. Co.*, 33 (35).

WATER CARRIER.

Through routes and joint rates established in connection with. *Port Huron & Duluth S. S. Co. v. P. R. R. Co.*, 475.

Through routes and joint rates on sugar from Yonkers, N. Y., to all points on line of defendant established in connection with. *Federal Sugar Refining Co. v. C. R. R. Co. of N. J.*, 488.

WATER COMPETITION. See COMPETITION (WATER).**WEAK LINES. See also OVERCAPITALIZATION.**

The joint route, N. Y., S. & W. R. R.—Wilkes-Barre & Eastern R. R., can get only tonnage from lands that were not acquired by their competitors who control the traffic at its source. *Rates for Transportation of Anthracite Coal*, 220 (273).

The Erie R. R. Co., New York, Susquehanna & Eastern R. R. Co., Wilkes-Barre & Eastern R. R. Co., and New York, Ontario & Western Ry. Co. are less prosperous than other carriers. *Id.* (278-280).

WESTERN CLASSIFICATION TERRITORY.

Rate increases in, justified in part. *1915 Western Rate Advance Case*, 497.

WESTERN TRUNK LINE TERRITORY.

Described. *1915 Western Rate Advance Case*, 497 (502).

"WHAT THE TRAFFIC WILL BEAR."

Carriers' briefs stated that "railroad rates must be made with regard to what the traffic can afford to bear." The law limits such principles of rate making to extent that rates must be just and reasonable and not discriminatory. *Rates for Transportation of Anthracite Coal*, 220 (282).

Where bare expenses are covered by the rate and an increase would kill the traffic, commercial necessities may make the rate the best paying rate on that commodity which the carriers can obtain. *1915 Western Rate Advance Case*, 497 (562).

WITHDRAWAL. See THROUGH ROUTES AND JOINT RATES.

